

## AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

|   |                                   |   |                 |
|---|-----------------------------------|---|-----------------|
| Local Government Type<br><input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other |                                   | Local Government Name<br>Iosco County                       | County<br>Iosco |
| Audit Date<br>December 31, 2004   | Opinion Date<br>February 11, 2005 | Date Accountant Report Submitted to State:<br>June 27, 2005 |                 |

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

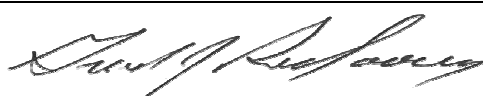
1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- |   |   |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.   |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).  |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).  |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).  |

| We have enclosed the following:   | Enclosed | To Be Forwarded | Not Required |
|---|----------|-----------------|--------------|
| The letter of comments and recommendations.                                   | X        |                 |              |
| Reports on individual federal financial assistance programs (program audits). |          |                 | X            |
| Single Audit Reports (ASLGU).   |          |                 | X            |

|   |                 |             |              |
|---|-----------------|-------------|--------------|
| Certified Public Accountant (Firm Name)<br>REHMANN ROBSON GERALD J. DESLOOVER, CPA                          |                 |             |              |
| Street Address<br>5800 GRATIOT, PO BOX 2025   | City<br>SAGINAW | State<br>MI | Zip<br>48605 |
| Accountant Signature<br> |                 |             |              |

# Iosco County

Tawas City, Michigan



Financial Statements

Year Ended December 31, 2004

# IOSCO COUNTY, MICHIGAN

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# REHMANN ROBSON

*Certified Public Accountants*

A member of THE REHMANN GROUP

An Independent Member of Baker Tilly International

## INDEPENDENT AUDITORS' REPORT

February 11, 2005

Board of Commissioners  
Iosco County, Michigan  
Tawas City, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of ***Iosco County, Michigan***, as of and for the year ended December 31, 2004, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of ***Iosco County, Michigan's*** management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Medical Care Facility, which is a major enterprise fund, and therefore a separate opinion unit. We also did not audit the Iosco County Road Commission, which represents 97% of the assets and 99% of the revenues of the discretely presented Component Units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Medical Care Facility and Iosco County Road Commission, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Iosco, Michigan, as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons of the General, Ambulance service fund, and EDC Grant Revolving Loan Fund, for the year then ended in conformity with accounting principles general accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2005, on our consideration of **Iosco County, Michigan's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis listed in the table of contents on pages 3-6, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Iosco County, Michigan's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, are fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, reading "Lehmann Lohman". The signature is written in a cursive, flowing style with a large initial 'L'.

**IOSCO COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE YEAR ENDED DECEMBER 31, 2004**

**CONCEPTUAL INFORMATION ABOUT THE COUNTY'S FINANCIAL STATEMENTS**

The adoption of Governmental Accounting Standards Board Statement Number 34 (GASB 34) changes the format for presentation of Iosco County's annual audit. The primary government is presented in two categories, governmental activities and business-type activities. Governmental activities consolidate all general and other governmental funds. This reflects Iosco County as a whole that is inclusive of all general operating and special revenue, debt service, and capital project funds. Business-type activities are limited to the Medical Care Facility and the County's Revolving Delinquent Tax Fund. As the audit progresses, these categories are presented as individual funds indicating separate fund activities that make up the total governmental and business type presentation. The statement of net assets again under governmental activities gives you a combined County total of assets net of debt with the difference being a reflection of equity or net assets. Iosco County elected to adopt a \$5,000 threshold for capitalizing assets. Those assets at a cost of less than \$5,000 are expensed in the year purchased. Iosco County capital assets may be found in the notes to financial statement section of the audit.

**FINANCIAL HIGHLIGHTS**

The assets of the County Primary Government exceeded its liabilities at the close of the most recent fiscal year by \$21,320,876 (net assets). This is an increase of \$2,187,940 over 2003 and indicates continued investment in capital assets. Of the total net assets in 2004, \$22,136,114 is unrestricted net assets needed to meet the government's ongoing obligations to citizens and creditors.

As of the close of the 2004 fiscal year, the County's governmental funds (this includes the general fund, special revenue, debt service and capital projects funds) reported combined ending fund balances of \$7,033,557, an increase of \$611,022 in comparison over 2003. The County's general fund balance for 2004 decreased by \$126,447 to a year-end balance of \$448,093, or 7% of actual general fund expenditures. The continued decrease in general fund balance can be attributed to the increased cost of maintaining the County Jail and the decreased revenue levels of State Revenue Sharing.



Following is Iosco County's net assets and changes in net assets, comparing the current 2004 year to the prior year.

### IOSCO COUNTY'S NET ASSETS

|   | <b>Governmental Activities</b> |                            | <b>Business-type Activities</b> |                             | <b>Total</b>               |                             |
|---|--------------------------------|----------------------------|---------------------------------|-----------------------------|----------------------------|-----------------------------|
|   | <b><u>2004</u></b>             | <b><u>2003</u></b>         | <b><u>2004</u></b>              | <b><u>2003</u></b>          | <b><u>2004</u></b>         | <b><u>2003</u></b>          |
| Current and other assets                        | \$20,941,426                   | \$23,195,379               | \$8,113,712                     | \$ 7,433,613                | \$29,055,138               | \$ 30,628,992               |
| Capital assets                                  | <u>3,662,416</u>               | <u>2,873,093</u>           | <u>4,460,280</u>                | <u>4,592,090</u>            | <u>8,122,696</u>           | <u>7,465,183</u>            |
| Total assets                                    | <u>24,603,842</u>              | <u>26,068,472</u>          | <u>12,573,992</u>               | <u>12,025,703</u>           | <u>37,177,834</u>          | <u>38,094,175</u>           |
| Long-term liabilities outstanding               | 11,151,090                     | 10,965,874                 | -                               | -                           | 11,151,090                 | 10,965,874                  |
| Other liabilities                               | <u>3,607,984</u>               | <u>6,114,230</u>           | <u>1,097,884</u>                | <u>919,122</u>              | <u>4,705,868</u>           | <u>7,033,352</u>            |
| Total liabilities                               | <u>14,759,074</u>              | <u>17,080,104</u>          | <u>1,097,884</u>                | <u>919,122</u>              | <u>15,856,958</u>          | <u>17,999,226</u>           |
| Net assets                                      |                                |                            |                                 |                             |                            |                             |
| Invested in capital assets, net of related debt | 2,982,461                      | 2,637,993                  | 4,460,280                       | 4,592,090                   | 7,442,741                  | 7,230,083                   |
| Restricted                                      | 1,068,066                      | 1,328,385                  | -                               | -                           | 1,068,066                  | 1,328,385                   |
| Unrestricted                                    | <u>5,794,242</u>               | <u>5,021,990</u>           | <u>7,015,828</u>                | <u>6,514,491</u>            | <u>12,810,070</u>          | <u>11,536,481</u>           |
| <b>Total net assets</b>                         | <b><u>\$ 9,844,769</u></b>     | <b><u>\$ 8,988,368</u></b> | <b><u>\$11,476,108</u></b>      | <b><u>\$ 11,106,581</u></b> | <b><u>\$21,320,877</u></b> | <b><u>\$ 20,094,949</u></b> |

## IOSCO COUNTY'S CHANGE IN NET ASSETS

|  | <u>Governmental Activities</u> |                     | <u>Business-type Activities</u> |                      | <u>Total</u>        |                      |
|--|--------------------------------|---------------------|---------------------------------|----------------------|---------------------|----------------------|
|  | <u>2004</u>                    | <u>2003</u>         | <u>2004</u>                     | <u>2003</u>          | <u>2004</u>         | <u>2003</u>          |
| <b>Revenues</b>  |                                |                     |                                 |                      |                     |                      |
| Program revenues   |                                |                     |                                 |                      |                     |                      |
| Charges for services   | \$ 5,070,391                   | \$ 4,783,358        | \$ 5,730,688                    | \$ 5,150,219         | \$10,801,079        | \$ 9,933,577         |
| Operating grants and contributions                           | 2,405,385                      | 2,691,219           | 115,064                         | 80,902               | 2,520,449           | 2,772,121            |
| Capital grants and contributions                             | 1,350,775                      | 2,660,068           | -                               | -                    | 1,350,775           | 2,660,068            |
| General revenues   |                                |                     |                                 |                      |                     |                      |
| Property taxes   | 5,367,217                      | 4,186,154           | 393,219                         | 375,781              | 5,760,436           | 4,561,935            |
| Grants and contributions not restricted to specific programs | 61,085                         | 91,162              | -                               | -                    | 61,085              | 91,162               |
| Unrestricted investment earnings                             | 60,945                         | 54,687              | 45,978                          | 34,935               | 106,923             | 89,622               |
| Other  | <u>-</u>                       | <u>6,502</u>        | <u>-</u>                        | <u>-</u>             | <u>-</u>            | <u>6,502</u>         |
| Total revenues   | 14,315,798                     | 14,473,150          | 6,284,949                       | 5,641,837            | 20,600,747          | 20,114,987           |
| <b>Expenses</b>  |                                |                     |                                 |                      |                     |                      |
| Legislative  | 114,072                        | 114,623             | -                               | -                    | 114,072             | 114,623              |
| Judicial   | 2,083,060                      | 2,022,299           | -                               | -                    | 2,083,060           | 2,022,299            |
| General government   | 3,144,100                      | 3,140,434           | -                               | -                    | 3,144,100           | 3,140,434            |
| Public safety  | 2,838,794                      | 2,581,021           | -                               | -                    | 2,838,794           | 2,581,021            |
| Public works   | 1,281,060                      | 1,955,648           | -                               | -                    | 1,281,060           | 1,955,648            |
| Health and welfare   | 2,695,731                      | 3,035,907           | -                               | -                    | 2,695,731           | 3,035,907            |
| Culture and recreation                                       | 49,674                         | 22,648              | -                               | -                    | 49,674              | 22,648               |
| Interest on debt   | 590,894                        | 179,807             | -                               | -                    | 590,894             | 179,807              |
| Delinquent tax revolving                                     | -                              | -                   | 34,957                          | 34,706               | 34,957              | 34,706               |
| Medical Care Facility  | <u>-</u>                       | <u>-</u>            | <u>5,580,465</u>                | <u>4,956,903</u>     | <u>5,580,465</u>    | <u>4,956,903</u>     |
| Total expenses   | <u>12,797,385</u>              | <u>13,052,387</u>   | <u>5,615,422</u>                | <u>4,991,609</u>     | <u>18,412,807</u>   | <u>18,043,996</u>    |
| Increase in net assets before transfers                      | 1,518,413                      | 1,420,763           | 669,527                         | 650,228              | 2,187,940           | 2,070,991            |
| Transfers  | <u>300,000</u>                 | <u>300,000</u>      | <u>(300,000)</u>                | <u>(300,000)</u>     | <u>-</u>            | <u>-</u>             |
| Increase in net assets                                       | 1,818,413                      | 1,720,763           | 369,527                         | 350,228              | 2,187,940           | 2,070,991            |
| Net assets, beginning of year, restated                      | <u>8,026,355</u>               | <u>7,267,605</u>    | <u>11,106,581</u>               | <u>10,756,353</u>    | <u>19,132,936</u>   | <u>18,023,958</u>    |
| Net assets, end of year                                      | <u>\$ 9,844,768</u>            | <u>\$ 8,988,368</u> | <u>\$11,476,108</u>             | <u>\$ 11,106,581</u> | <u>\$21,320,876</u> | <u>\$ 20,094,949</u> |

## **FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS**

The state-equalized value of Iosco County continues to increase at a rate of five percent annually. This resulted in an increase in general fund tax revenue of \$126,104, however, the general fund balance decreased by \$126,447. This is attributed to rising costs of housing prisoners in the jail and the cost of health care.

## **CAPITAL ASSETS**

The County's investment in capital assets for its governmental activities as of 12/31/04 amounted to \$3,662,416 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment, and vehicles. The change in net capital assets for 2004 increased by \$344,469. Iosco County adopted a capitalization threshold of \$5,000 or more. Investments in assets less than \$5,000 are expensed in the year acquired.

## **LONG-TERM DEBT**

The County's total debt decreased by \$899,099 during 2004 to a total of \$11,151,090. The County's legal bond debt is limited to 10% of total state Equalized Value (\$1,233,057,826). The County's current bonded debt reflects approximately 10% of the legal amount authorized.

## **IOSCO COUNTY'S FINANCIAL FUTURE**

Iosco County continues to indicate growth at five percent annually, however, the cost of health care combined with increased costs of operating the county jail continues to exceed revenue increases. Expense over revenue for the past three years has required transfers-in from unrestricted reserves of \$400,000 annually. Management objectives are focused at reducing the cost of health care and general fund operating costs.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of Iosco County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Iosco County Treasurer, P.O. Box 538, Tawas City, Michigan 48764-0538.

**IOSCO COUNTY, MICHIGAN**  
**STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2004**

|   | <b>Primary Government</b> |                      |                      |
|---|---------------------------|----------------------|----------------------|
|   | <b>Governmental</b>       | <b>Business-type</b> |                      |
|   | <b>Activities</b>         | <b>Activities</b>    | <b>Total</b>         |
| <b>Assets</b>                                   |                           |                      |                      |
| Cash and cash equivalents                       | \$ 5,314,851              | \$ 5,195,514         | \$ 10,510,365        |
| Investments                                     | 80,000                    | -                    | 80,000               |
| Accounts receivable                             | 15,471,635                | 1,395,877            | 16,867,512           |
| Advance to component units                      | 67,000                    | -                    | 67,000               |
| Prepaid items and other assets                  | 7,941                     | 64,707               | 72,648               |
| Inventory                                       | -                         | -                    | -                    |
| Restricted cash                                 |                           | 1,457,614            | 1,457,614            |
| Capital assets, net:                            |                           |                      |                      |
| Assets not being depreciated                    | 263,506                   | 28,500               | 292,006              |
| Assets being depreciated                        | 3,398,910                 | 4,431,780            | 7,830,690            |
| <b>Total assets</b>                             | <b>24,603,843</b>         | <b>12,573,992</b>    | <b>37,177,835</b>    |
| <b>Liabilities</b>                              |                           |                      |                      |
| Accounts payable                                | 223,355                   | 89,476               | 312,831              |
| Accrued liabilities                             | 96,465                    | 564,790              | 661,255              |
| Advance from primary government                 | -                         | -                    | -                    |
| Unearned revenue                                | 3,201,885                 | 443,618              | 3,645,503            |
| Interest payable                                | 86,279                    | -                    | 86,279               |
| Noncurrent liabilities:                         |                           |                      |                      |
| Due within one year                             | 1,239,381                 | -                    | 1,239,381            |
| Due in more than one year                       | 9,911,709                 | -                    | 9,911,709            |
| <b>Total liabilities</b>                        | <b>14,759,074</b>         | <b>1,097,884</b>     | <b>15,856,958</b>    |
| <b>Net Assets</b>                               |                           |                      |                      |
| Invested in capital assets, net of related debt | 2,982,461                 | 4,460,280            | 7,442,741            |
| Restricted for:                                 |                           |                      |                      |
| Debt service                                    | 235,609                   | -                    | 235,609              |
| Capital projects                                | 564,608                   | -                    | 564,608              |
| Other purposes                                  | 267,849                   | -                    | 267,849              |
| Unrestricted (deficit)                          | 5,794,242                 | 7,015,828            | 12,810,070           |
| <b>Total net assets</b>                         | <b>\$ 9,844,769</b>       | <b>\$ 11,476,108</b> | <b>\$ 21,320,877</b> |

The accompanying notes are an integral part of these financial statements.

| Component Units    |                     |               |
|--------------------|---------------------|---------------|
| Road<br>Commission | Drain<br>Commission | Total         |
| \$ 6,556           | \$ 161,405          | \$ 167,961    |
| 2,665,291          | -                   | 2,665,291     |
| 706,318            | 53,936              | 760,254       |
| -                  | -                   | -             |
| -                  | -                   | -             |
| 449,885            | -                   | 449,885       |
| -                  | -                   | -             |
| 39,165             | 200,864             | 240,029       |
| 9,129,835          | -                   | 9,129,835     |
| 12,997,050         | 416,205             | 13,413,255    |
| 89,525             | 6,413               | 95,938        |
| 67,401             | -                   | 67,401        |
| -                  | 67,000              | 67,000        |
| 194,356            | -                   | 194,356       |
| -                  | -                   | -             |
| 5,885              | 22,198              | 28,083        |
| 273,757            | 321,197             | 594,954       |
| 630,924            | 416,808             | 1,047,732     |
| 9,169,000          | (142,531)           | 9,026,469     |
| -                  | 14,044              | 14,044        |
| -                  | 73,948              | 73,948        |
| 3,197,126          | -                   | 3,197,126     |
| -                  | 53,936              | 53,936        |
| \$ 12,366,126      | \$ (603)            | \$ 12,365,523 |

**IOSCO COUNTY, MICHIGAN  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

| <b><u>Functions / Programs</u></b> | <b><u>Expenses</u></b> | <b><u>Program Revenues</u></b>         |  |  | <b><u>Net (Expense)<br/>Revenue</u></b> |
|------------------------------------|------------------------|--|--|--|---|
|                                    |                        | <b><u>Charges<br/>for Services</u></b> | <b><u>Operating<br/>Grants and<br/>Contributions</u></b> | <b><u>Capital<br/>Grants and<br/>Contributions</u></b> |   |
| <b>Primary government</b>          |                        |  |  |  |   |
| Governmental activities:           |                        |  |  |  |   |
| Legislative                        | \$ 114,072             | \$ -                                   | \$ -   | \$ -   | \$ (114,072)                            |
| Judicial                           | 2,083,060              | 973,462                                | 439,386  | -  | (670,212)                               |
| General government                 | 3,144,100              | 1,361,287                              | 816,682  | 496,800  | (469,331)                               |
| Public safety                      | 2,838,793              | 1,224,391                              | 108,228  | -  | (1,506,174)                             |
| Public works                       | 1,281,060              | 1,500                                  | -  | 853,975  | (425,585)                               |
| Health and welfare                 | 2,695,731              | 1,508,751                              | 441,264  | -  | (745,716)                               |
| Culture and recreation             | 49,674                 | 1,000                                  | 113,292  | -  | 64,618                                  |
| Interest on debt                   | 590,894                | -                                      | 486,533  | -  | (104,361)                               |
| Total governmental activities      | <u>12,797,384</u>      | <u>5,070,391</u>                       | <u>2,405,385</u>   | <u>1,350,775</u>                                       | <u>(3,970,833)</u>                      |
| Business-type activities:          |                        |  |  |  |   |
| Delinquent tax revolving           | 34,957                 | 447,452                                | -  | -  | 412,495                                 |
| Medical Care Facility              | <u>5,580,465</u>       | <u>5,283,236</u>                       | <u>115,064</u>   | <u>-</u>   | <u>(182,165)</u>                        |
| Total business-type activities     | <u>5,615,422</u>       | <u>5,730,688</u>                       | <u>115,064</u>   | <u>-</u>   | <u>230,330</u>                          |
| Total primary government           | <u>\$ 18,412,806</u>   | <u>\$ 10,801,079</u>                   | <u>\$ 2,520,449</u>                                      | <u>\$ 1,350,775</u>                                    | <u>\$ (3,740,503)</u>                   |
| <b>Component units</b>             |                        |  |  |  |   |
| Road Commission                    | 3,463,956              | -                                      | 6,153,497  | -  | 2,689,541                               |
| Drain Commission                   | <u>50,922</u>          | <u>-</u>                               | <u>-</u>   | <u>75,588</u>  | <u>24,666</u>                           |
| Total component units              | <u>\$ 3,514,878</u>    | <u>\$ -</u>                            | <u>\$ 6,153,497</u>                                      | <u>\$ 75,588</u>                                       | <u>\$ 2,714,207</u>                     |

continued...

The accompanying notes are an integral part of these financial statements.

**IOSCO COUNTY, MICHIGAN**  
**STATEMENT OF ACTIVITIES (CONCLUDED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

| Functions/Programs  | Primary Government         |                             |                      |
|---|----------------------------|-----------------------------|----------------------|
|   | Governmental<br>Activities | Business-type<br>Activities | Total                |
| <b>Changes in net assets</b>                                    |                            |                             |                      |
| Net (expense) revenue   | \$ (3,970,833)             | \$ 230,330                  | \$ (3,740,503)       |
| General revenues:   |                            |                             |                      |
| Property taxes  | 5,367,217                  | 393,219                     | 5,760,436            |
| Grants and contributions not restricted<br>to specific programs | 61,085                     | -                           | 61,085               |
| Unrestricted investment earnings                                | 60,945                     | 45,978                      | 106,923              |
| Miscellaneous general revenues                                  | -                          | -                           | -                    |
| Transfers - internal activities                                 | 300,000                    | (300,000)                   | -                    |
| Total general revenues, contributions<br>and transfers          | 5,789,247                  | 139,197                     | 5,928,444            |
| Change in net assets  | 1,818,414                  | 369,527                     | 2,187,941            |
| Net assets, (deficit) beginning of year, as restated            | 8,026,355                  | 11,106,581                  | 19,132,936           |
| <b>Net assets, (deficit) end of year</b>                        | <b>\$ 9,844,769</b>        | <b>\$ 11,476,108</b>        | <b>\$ 21,320,877</b> |

The accompanying notes are an integral part of these financial statements.

| Component Units    |                     |               |
|--------------------|---------------------|---------------|
| Road<br>Commission | Drain<br>Commission | Total         |
| \$ 2,689,541       | \$ 24,666           | \$ 2,714,207  |
| -                  | -                   | -             |
| -                  | -                   | -             |
| -                  | -                   | -             |
| -                  | 368                 | 368           |
| -                  | -                   | -             |
| -                  | 368                 | 368           |
| 2,689,541          | 25,034              | 2,714,575     |
| 9,676,585          | (25,637)            | 9,650,948     |
| \$ 12,366,126      | \$ (603)            | \$ 12,365,523 |



**IOSCO COUNTY, MICHIGAN  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2004**

|  | GENERAL             | AMBULANCE<br>SERVICE<br>FUND | EDC GRANT<br>REVOLVING<br>LOAN FUND |
|--|---------------------|------------------------------|-------------------------------------|
| <u>ASSETS</u>                            |                     |                              |                                     |
| Cash and cash equivalents                | \$ 156,071          | \$ 1,525,023                 | \$ 449,679                          |
| Investments                              | -                   | -                            | -                                   |
| Taxes receivable                         | 3,697,106           | 409,521                      | -                                   |
| Loans receivable                         | -                   | -                            | 2,848,330                           |
| Interest receivable                      | 626                 | -                            | -                                   |
| Accounts receivable                      | 31,603              | 1,114,016                    | -                                   |
| Allowance for doubtful accounts          | -                   | (898,090)                    | -                                   |
| Due from other funds                     | 293,693             | 2,767                        | -                                   |
| Due from State                           | 62,467              | -                            | -                                   |
| Prepaid expenditures                     | 7,941               | -                            | -                                   |
| Advance to component units               | 67,000              | -                            | -                                   |
| <u>TOTAL ASSETS</u>                      | <u>\$ 4,316,507</u> | <u>\$ 2,153,237</u>          | <u>\$ 3,298,009</u>                 |
| <u>LIABILITIES AND FUND EQUITY</u>       |                     |                              |                                     |
| LIABILITIES                              |                     |                              |                                     |
| Accounts payable                         | \$ 76,599           | \$ 36,559                    | \$ -                                |
| Accrued liabilities and advances         | 63,362              | 14,577                       | -                                   |
| Due to other funds                       | 1,263,716           | -                            | -                                   |
| Deferred revenue                         | 2,464,737           | 409,521                      | 2,848,330                           |
| <u>TOTAL LIABILITIES</u>                 | <u>3,868,414</u>    | <u>460,657</u>               | <u>2,848,330</u>                    |
| FUND EQUITY                              |                     |                              |                                     |
| Fund balances:                           |                     |                              |                                     |
| Reserved for:                            |                     |                              |                                     |
| Advances to component units              | 67,000              | -                            | -                                   |
| Prepaid items                            | 7,941               | -                            | -                                   |
| Debt service                             | -                   | -                            | -                                   |
| Capital projects                         | -                   | -                            | -                                   |
| Restricted contributions                 | -                   | -                            | -                                   |
| Unreserved - undesignated, reported in:  |                     |                              |                                     |
| General fund                             | 373,152             | -                            | -                                   |
| Special revenue funds                    | -                   | 1,692,580                    | 449,679                             |
| <u>TOTAL FUND EQUITY</u>                 | <u>448,093</u>      | <u>1,692,580</u>             | <u>449,679</u>                      |
| <u>TOTAL LIABILITIES AND FUND EQUITY</u> | <u>\$ 4,316,507</u> | <u>\$ 2,153,237</u>          | <u>\$ 3,298,009</u>                 |

The accompanying notes are an integral part of these financial statements.

| EAST TAWAS/<br>TAWAS CITY<br>WASTE<br>TREATMENT<br>FACILITY | OSCODA<br>SEWER 2003<br>DEBT | OSCODA<br>SEWER 2003<br>CONSTRUCTION | OTHER<br>GOVERNMENTAL<br>FUNDS | TOTAL         |
|---|------------------------------|--------------------------------------|--------------------------------|---------------|
| \$ -  | \$ 5,918                     | \$ 538,122                           | \$ 2,623,044                   | \$ 5,297,857  |
| -   | -                            | -                                    | 80,000                         | 80,000        |
| -   | -                            | -                                    | 317,099                        | 4,423,726     |
| 1,810,000   | 2,270,000                    | -                                    | 3,367,888                      | 10,296,218    |
| -   | -                            | -                                    | 1,480                          | 2,106         |
| -   | -                            | -                                    | 78,951                         | 1,224,570     |
| -   | -                            | -                                    | -                              | (898,090)     |
| -   | -                            | -                                    | 1,531,866                      | 1,828,326     |
| -   | -                            | -                                    | 287,686                        | 350,153       |
| -   | -                            | -                                    | -                              | 7,941         |
| -   | -                            | -                                    | -                              | 67,000        |
| \$ 1,810,000  | \$ 2,275,918                 | \$ 538,122                           | \$ 8,288,014                   | \$ 22,679,807 |

|           |           |      |            |            |
|-----------|-----------|------|------------|------------|
| \$ -      | \$ -      | \$ - | \$ 110,197 | \$ 223,355 |
| -         | -         | -    | 18,526     | 96,465     |
| -         | -         | -    | 564,610    | 1,828,326  |
| 1,810,000 | 2,270,000 | -    | 3,695,515  | 13,498,103 |
| 1,810,000 | 2,270,000 | -    | 4,388,848  | 15,646,249 |

|              |              |            |              |               |
|--------------|--------------|------------|--------------|---------------|
| -            | -            | -          | -            | 67,000        |
| -            | -            | -          | -            | 7,941         |
| -            | 5,918        | -          | 229,691      | 235,609       |
| -            | -            | 538,122    | 26,486       | 564,608       |
| -            | -            | -          | 267,849      | 267,849       |
| -            | -            | -          | -            | 373,152       |
| -            | -            | -          | 3,375,140    | 5,517,399     |
| -            | 5,918        | 538,122    | 3,899,166    | 7,033,558     |
| \$ 1,810,000 | \$ 2,275,918 | \$ 538,122 | \$ 8,288,014 | \$ 22,679,807 |

**IOSCO COUNTY, MICHIGAN**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2004**

|  |    |           |
|--|----|-----------|
| Fund balances - total governmental funds | \$ | 7,033,558 |
|--|----|-----------|

Amounts reported for governmental activities in the statement of net assets are different because:

|  |  |           |
|--|--|-----------|
| Capital assets used in governmental activities are not financial resources, and therefore not reported in the funds. |  | 3,662,416 |
|--|--|-----------|

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred revenues in the governmental funds, and thus are not included in fund balance.

|  |  |           |
|--|--|-----------|
| Add: Deferred long term receivable on - Due from other governments |  | 6,966,000 |
| Add: Deferred interest receivable on - Due from other governments  |  | 72,952    |
| Add: other deferred revenues for loans receivable                  |  | 3,330,218 |

Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.

|  |  |              |
|--|--|--------------|
| Subtract: bonds payable/capital leases |  | (10,685,955) |
| Subtract: accrued interest payable     |  | (86,279)     |
| Subtract: compensated absences         |  | (380,707)    |
| Subtract: net pension obligation       |  | (84,428)     |

|   |  |        |
|---|--|--------|
| Elimination of Internal Service Fund activities |  | 16,994 |
|---|--|--------|

|                                       |    |                  |
|---------------------------------------|----|------------------|
| Net assets of governmental activities | \$ | <u>9,844,769</u> |
|---------------------------------------|----|------------------|

The accompanying notes are an integral part of these financial statements.

**IOSCO COUNTY, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

|   | GENERAL          | AMBULANCE<br>SERVICE<br>FUND | EDC GRANT<br>REVOLVING<br>LOAN FUND |
|---|------------------|------------------------------|-------------------------------------|
| REVENUES                                    |                  |                              |                                     |
| Taxes                                       | \$ 3,448,105     | \$ 390,904                   | \$ -                                |
| Licenses and permits                        | 15,091           | -                            | -                                   |
| Intergovernmental:                          |                  |                              |                                     |
| Federal grants                              | 188,023          | -                            | -                                   |
| State grants                                | 705,034          | 1,693                        | -                                   |
| Contributions from local units              | -                | -                            | -                                   |
| Charges for services                        | 1,166,236        | 1,129,390                    | -                                   |
| Fines and forfeits                          | 73,678           | -                            | -                                   |
| Interest                                    | 28,208           | 7,770                        | 3,440                               |
| Reimbursements and refunds                  | 381,691          | -                            | -                                   |
| Other                                       | 921              | 16,422                       | 264,361                             |
| <b>TOTAL REVENUES</b>                       | <b>6,006,987</b> | <b>1,546,179</b>             | <b>267,801</b>                      |
| EXPENDITURES                                |                  |                              |                                     |
| Legislative                                 | 116,246          | -                            | -                                   |
| Judicial                                    | 1,410,614        | -                            | -                                   |
| General government                          | 2,400,307        | -                            | 539,755                             |
| Public safety                               | 1,711,557        | -                            | -                                   |
| Public works                                | 1,292            | -                            | -                                   |
| Health and welfare                          | 346,091          | 1,028,482                    | -                                   |
| Culture and recreation                      | 4,918            | -                            | -                                   |
| Capital outlay                              | 89,276           | 154,385                      | -                                   |
| Other                                       | 16,785           | -                            | -                                   |
| Debt service - principal                    | 141,838          | -                            | -                                   |
| Debt service - interest and charges         | 27,704           | -                            | -                                   |
| <b>TOTAL EXPENDITURES</b>                   | <b>6,266,628</b> | <b>1,182,867</b>             | <b>539,755</b>                      |
| REVENUES OVER (UNDER) EXPENDITURES          | (259,641)        | 363,312                      | (271,954)                           |
| OTHER FINANCING SOURCES (USES)              |                  |                              |                                     |
| Note proceeds                               | 44,100           | -                            | -                                   |
| Transfers in                                | 584,489          | -                            | -                                   |
| Transfers (out)                             | (495,395)        | (15,550)                     | (20,000)                            |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b> | <b>133,194</b>   | <b>(15,550)</b>              | <b>(20,000)</b>                     |
| NET CHANGES IN FUND BALANCES                | (126,447)        | 347,762                      | (291,954)                           |
| FUND BALANCES, BEGINNING OF YEAR            | 574,540          | 1,344,818                    | 741,633                             |
| FUND BALANCES, END OF YEAR                  | \$ 448,093       | \$ 1,692,580                 | \$ 449,679                          |

The accompanying notes are an integral part of these financial statements.

| EAST TAWAS/<br>TAWAS CITY<br>WASTE<br>TREATMENT<br>FACILITY | OSCODA<br>SEWER 2003<br>DEBT | OSCODA<br>SEWER 2003<br>CONSTRUCTION | OTHER<br>GOVERNMENTAL<br>FUNDS | TOTAL        |
|---|------------------------------|--------------------------------------|--------------------------------|--------------|
| \$ -  | \$ -                         | \$ -                                 | \$ 1,528,208                   | \$ 5,367,217 |
| -   | -                            | -                                    | 396,329                        | 411,420      |
| -   | -                            | -                                    | 552,413                        | 740,436      |
| -   | -                            | -                                    | 1,023,443                      | 1,730,170    |
| 443,175   | 117,167                      | 853,975                              | 1,198,071                      | 2,612,388    |
| -   | -                            | -                                    | 813,605                        | 3,109,231    |
| -   | -                            | -                                    | 3,500                          | 77,178       |
| -   | -                            | -                                    | 21,526                         | 60,944       |
| -   | -                            | -                                    | 327,723                        | 709,414      |
| -   | 5,918                        | -                                    | 2,811                          | 290,433      |
| 443,175   | 123,085                      | 853,975                              | 5,867,629                      | 15,108,831   |
| -   | -                            | -                                    | -                              | 116,246      |
| -   | -                            | -                                    | 658,564                        | 2,069,178    |
| -   | -                            | -                                    | 102,751                        | 3,042,813    |
| -   | -                            | -                                    | 1,029,147                      | 2,740,704    |
| -   | -                            | 1,276,997                            | 2,724                          | 1,281,013    |
| -   | -                            | -                                    | 1,179,547                      | 2,554,120    |
| -   | -                            | -                                    | 26,141                         | 31,059       |
| -   | -                            | -                                    | 660,230                        | 903,891      |
| -   | -                            | -                                    | 47                             | 16,832       |
| 320,000   | -                            | -                                    | 1,021,669                      | 1,483,507    |
| 123,175   | 117,167                      | -                                    | 334,499                        | 602,545      |
| 443,175   | 117,167                      | 1,276,997                            | 5,015,319                      | 14,841,908   |
| -   | 5,918                        | (423,022)                            | 852,310                        | 266,923      |
| -   | -                            | -                                    | -                              | 44,100       |
| -   | -                            | -                                    | 540,688                        | 1,125,177    |
| -   | -                            | -                                    | (294,232)                      | (825,177)    |
| -   | -                            | -                                    | 246,456                        | 344,100      |
| -   | 5,918                        | (423,022)                            | 1,098,766                      | 611,023      |
| -   | -                            | 961,144                              | 2,800,400                      | 6,422,535    |
| \$ -  | \$ 5,918                     | \$ 538,122                           | \$ 3,899,166                   | \$ 7,033,558 |

**IOSCO COUNTY, MICHIGAN**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

|  |            |
|--|------------|
| Net change in fund balances - total governmental funds | \$ 611,023 |
|--|------------|

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

|  |           |
|--|-----------|
| Add: capital outlay                          | 838,177   |
| Subtract: loss on the sale of capital assets | (31,229)  |
| Subtract: depreciation expense               | (200,999) |

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year.

|   |             |
|---|-------------|
| Add: change in long-term receivables                  | 377,437     |
| Subtract: change in due from other governmental units | (1,269,000) |

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

|  |           |
|--|-----------|
| Add: principal payments on long-term liabilities | 1,483,506 |
| Subtract: note proceeds received                 | (44,100)  |
| Add: change in accrued interest payable          | 11,651    |

The reduction of the County's long-term liability for the net pension obligation did not provide current financial resources, and was consequently not reported in the funds.

|  |        |
|--|--------|
| Add: reduction of net pension obligation | 95,635 |
|--|--------|

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

|   |          |
|---|----------|
| Subtract: increase in the accrual of compensated absences | (70,681) |
|---|----------|

Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.

|  |        |
|--|--------|
| Add: interest revenue from governmental internal service funds                                 | 1      |
| Add: net operating income from governmental activities accounted for in internal service funds | 16,993 |

|   |                     |
|---|---------------------|
| Change in net assets of governmental activities | \$ <u>1,818,414</u> |
|---|---------------------|

The accompanying notes are an integral part of these financial statements.

**IOSCO COUNTY, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE-BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

|   | ORIGINAL<br>BUDGET | AMENDED<br>BUDGET | ACTUAL            | OVER<br>(UNDER)<br>BUDGET |
|---|--------------------|-------------------|-------------------|---------------------------|
| REVENUES                                  |                    |                   |                   |                           |
| Taxes                                     | \$ 3,500,000       | \$ 3,500,000      | \$ 3,448,105      | \$ (51,895)               |
| Licenses and permits                      | 14,500             | 14,500            | 15,091            | 591                       |
| Intergovernmental:                        |                    |                   |                   |                           |
| Federal grants                            | 70,300             | 70,300            | 188,023           | 117,723                   |
| State grants                              | 1,123,398          | 1,123,398         | 705,034           | (418,364)                 |
| Charges for services                      | 1,127,626          | 1,127,626         | 1,166,236         | 38,610                    |
| Fines and forfeits                        | 80,500             | 80,500            | 73,678            | (6,822)                   |
| Interest                                  | 65,000             | 65,000            | 28,208            | (36,792)                  |
| Reimbursements and refunds                | 397,012            | 397,012           | 381,691           | (15,321)                  |
| Other                                     | 1,300              | 1,300             | 921               | (379)                     |
| <b>TOTAL REVENUES</b>                     | <b>6,379,636</b>   | <b>6,379,636</b>  | <b>6,006,987</b>  | <b>(372,649)</b>          |
| EXPENDITURES                              |                    |                   |                   |                           |
| Current                                   |                    |                   |                   |                           |
| Legislative                               | 115,311            | 115,311           | 116,246           | 935                       |
| Judicial                                  | 1,457,090          | 1,457,090         | 1,410,614         | (46,476)                  |
| General government                        | 2,581,021          | 2,581,021         | 2,400,307         | (180,714)                 |
| Public safety                             | 1,497,094          | 1,497,094         | 1,711,557         | 214,463                   |
| Public works                              | 1,500              | 1,500             | 1,292             | (208)                     |
| Health and welfare                        | 387,161            | 387,161           | 346,091           | (41,070)                  |
| Culture and recreation                    | 5,250              | 5,250             | 4,918             | (332)                     |
| Capital Outlay                            | 62,583             | 62,583            | 89,276            | 26,693                    |
| Other                                     | 73,234             | 73,234            | 16,785            | (56,449)                  |
| Debt service                              | -                  | -                 | 169,542           | 169,542                   |
| <b>TOTAL EXPENDITURES</b>                 | <b>6,180,244</b>   | <b>6,180,244</b>  | <b>6,266,628</b>  | <b>86,384</b>             |
| <b>REVENUES OVER (UNDER) EXPENDITURES</b> | <b>199,392</b>     | <b>199,392</b>    | <b>(259,641)</b>  | <b>(459,033)</b>          |
| OTHER FINANCING SOURCES (USES)            |                    |                   |                   |                           |
| Note proceeds                             | -                  | -                 | 44,100            | 44,100                    |
| Transfer in                               | 300,000            | 300,000           | 584,489           | 284,489                   |
| Transfer (out)                            | (499,396)          | (499,396)         | (495,395)         | 4,001                     |
| <b>TOTAL OTHER FINANCING (USES)</b>       | <b>(199,396)</b>   | <b>(199,396)</b>  | <b>133,194</b>    | <b>332,590</b>            |
| <b>NET CHANGE IN FUND BALANCES</b>        | <b>(4)</b>         | <b>(4)</b>        | <b>(126,447)</b>  | <b>(126,443)</b>          |
| <b>FUND BALANCE, BEGINNING OF YEAR</b>    | <b>574,540</b>     | <b>574,540</b>    | <b>574,540</b>    | <b>-</b>                  |
| <b>FUND BALANCE, END OF YEAR</b>          | <b>\$ 574,536</b>  | <b>\$ 574,536</b> | <b>\$ 448,093</b> | <b>\$ (126,443)</b>       |

The accompanying notes are an integral part of these financial statements.

**IOSCO COUNTY, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE-BUDGET AND ACTUAL**  
**AMBULANCE SERVICE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

|                                 | ORIGINAL<br>BUDGET | AMENDED<br>BUDGET | ACTUAL           | OVER<br>(UNDER)<br>BUDGET |
|---------------------------------|--------------------|-------------------|------------------|---------------------------|
| REVENUES                        |                    |                   |                  |                           |
| Taxes                           | \$ 383,559         | \$ 383,559        | \$ 390,904       | \$ 7,345                  |
| Intergovernmental:              |                    |                   |                  |                           |
| State grants                    | -                  | -                 | 1,693            | 1,693                     |
| Charges for services            | 940,744            | 940,744           | 1,129,390        | 188,646                   |
| Interest                        | 7,000              | 7,000             | 7,770            | 770                       |
| Other                           | 3,500              | 3,500             | 16,422           | 12,922                    |
| <b>TOTAL REVENUES</b>           | <b>1,334,803</b>   | <b>1,334,803</b>  | <b>1,546,179</b> | <b>211,376</b>            |
| EXPENDITURES                    |                    |                   |                  |                           |
| Current                         |                    |                   |                  |                           |
| Health and welfare              | 1,219,253          | 1,219,253         | 1,028,482        | (190,771)                 |
| Capital Outlay                  | 100,000            | 100,000           | 154,385          | 54,385                    |
| <b>TOTAL EXPENDITURES</b>       | <b>1,319,253</b>   | <b>1,319,253</b>  | <b>1,182,867</b> | <b>(136,386)</b>          |
| REVENUES OVER EXPENDITURES      | 15,550             | 15,550            | 363,312          | 347,762                   |
| OTHER FINANCING SOURCES (USES)  |                    |                   |                  |                           |
| Transfer (out)                  | (15,550)           | (15,550)          | (15,550)         | -                         |
| NET CHANGE IN FUND BALANCE      | -                  | -                 | 347,762          | 347,762                   |
| FUND BALANCE, BEGINNING OF YEAR | 844,871            | 844,871           | 1,344,818        | 499,947                   |
| FUND BALANCE, END OF YEAR       | \$ 844,871         | \$ 844,871        | \$ 1,692,580     | \$ 847,709                |

The accompanying notes are an integral part of these financial statements.



**IOSCO COUNTY, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**EDC GRANT REVOLVING LOAN FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

|                                     | ORIGINAL<br>BUDGET | AMENDED<br>BUDGET | ACTUAL     | OVER<br>(UNDER)<br>BUDGET |
|-------------------------------------|--------------------|-------------------|------------|---------------------------|
| REVENUES                            |                    |                   |            |                           |
| Interest                            | \$ 5,000           | \$ 5,000          | \$ 3,440   | \$ (1,560)                |
| Other                               | 360,000            | 360,000           | 264,361    | (95,639)                  |
| TOTAL REVENUES                      | 365,000            | 365,000           | 267,801    | (97,199)                  |
| EXPENDITURES                        |                    |                   |            |                           |
| Current                             |                    |                   |            |                           |
| General government                  | 365,000            | 365,000           | 539,755    | 174,755                   |
| REVENUES OVER ( UNDER) EXPENDITURES | -                  | -                 | (271,954)  | (271,954)                 |
| OTHER FINANCING SOURCES (USES)      |                    |                   |            |                           |
| Transfer (out)                      | -                  | -                 | (20,000)   | 20,000                    |
| NET CHANGE IN FUND BALANCE          | -                  | -                 | (291,954)  | (291,954)                 |
| FUND BALANCE, BEGINNING OF YEAR     | 741,633            | 741,633           | 741,633    | -                         |
| FUND BALANCE, END OF YEAR           | \$ 741,633         | \$ 741,633        | \$ 449,679 | \$ (291,954)              |

The accompanying notes are an integral part of these financial statements.

**IOSCO COUNTY, MICHIGAN**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2004**

|   | ENTERPRISE          |                     |                      | INTERNAL SERVICE |
|---|---------------------|---------------------|----------------------|------------------|
|   | Delinquent Tax      |                     |                      | Workers'         |
|   | Medical             | Revolving           | Total                | Compensation     |
|   | Care Facility       | Fund                |                      | Insurance        |
| <b><u>ASSETS</u></b>                          |                     |                     |                      |                  |
| Current Assets                                |                     |                     |                      |                  |
| Cash and cash equivalents                     | \$ 2,499,654        | \$ 2,462,943        | \$ 4,962,597         | \$ 16,994        |
| Taxes receivable                              | 421,829             | -                   | 421,829              | -                |
| Taxes receivable - delinquent                 | -                   | 617,307             | 617,307              | -                |
| Interest receivable                           | -                   | 222                 | 222                  | -                |
| Accounts receivable                           | 356,519             | -                   | 356,519              | -                |
| Other current assets                          | 64,707              | -                   | 64,707               | -                |
| Restricted assets - cash and cash equivalents | 1,690,531           | -                   | 1,690,531            | -                |
| Capital assets, net:                          |                     |                     |                      |                  |
| Assets not being depreciated                  | 28,500              | -                   | 28,500               | -                |
| Assets being depreciated                      | 4,431,780           | -                   | 4,431,780            | -                |
| <b><u>TOTAL ASSETS</u></b>                    | <b>9,493,520</b>    | <b>3,080,472</b>    | <b>12,573,992</b>    | <b>16,994</b>    |
| <b>LIABILITIES</b>                            |                     |                     |                      |                  |
| Current Liabilities                           |                     |                     |                      |                  |
| Accounts payable                              | 89,476              | -                   | 89,476               | -                |
| Accrued liabilities and advances              | 564,790             | -                   | 564,790              | -                |
| Unearned revenue                              | 443,618             | -                   | 443,618              | -                |
| <b>TOTAL LIABILITIES, ALL CURRENT</b>         | <b>1,097,884</b>    | <b>-</b>            | <b>1,097,884</b>     | <b>-</b>         |
| <b>NET ASSETS</b>                             |                     |                     |                      |                  |
| Investment in capital assets                  | 4,460,280           | -                   | 4,460,280            | -                |
| Unrestricted                                  | 3,935,356           | 3,080,472           | 7,015,828            | 16,994           |
| <b>TOTAL NET ASSETS</b>                       | <b>\$ 8,395,636</b> | <b>\$ 3,080,472</b> | <b>\$ 11,476,108</b> | <b>\$ 16,994</b> |

The accompanying notes are an integral part of these financial statements.

**IOSCO COUNTY, MICHIGAN  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

|                                | ENTERPRISE               |                                     |               | INTERNAL<br>SERVICE                   |
|--------------------------------|--------------------------|-------------------------------------|---------------|---------------------------------------|
|                                | Medical<br>Care Facility | Delinquent Tax<br>Revolving<br>Fund | Total         | Workers'<br>Compensation<br>Insurance |
| OPERATING REVENUES             |                          |                                     |               |                                       |
| Taxes                          | \$ 393,219               | \$ -                                | \$ 393,219    | \$ -                                  |
| Intergovernmental - State      | 115,064                  | -                                   | 115,064       | -                                     |
| Charges for services           | 5,280,409                | -                                   | 5,280,409     | -                                     |
| Interest on delinquent taxes   | -                        | 189,174                             | 189,174       | -                                     |
| Collection fees                | -                        | 88,981                              | 88,981        | -                                     |
| Other                          | -                        | 169,297                             | 169,297       | 16,993                                |
| TOTAL OPERATING REVENUES       | 5,788,692                | 447,452                             | 6,236,144     | 16,993                                |
| OPERATING EXPENSES             |                          |                                     |               |                                       |
| Salaries                       | 2,870,624                | -                                   | 2,870,624     | -                                     |
| Other                          | 2,709,841                | 34,957                              | 2,744,798     | -                                     |
| TOTAL OPERATING EXPENSES       | 5,580,465                | 34,957                              | 5,615,422     | -                                     |
| OPERATING INCOME (LOSS)        | 208,227                  | 412,495                             | 620,722       | 16,993                                |
| NON-OPERATING REVENUES         |                          |                                     |               |                                       |
| Interest on investments        | 30,912                   | 15,066                              | 45,978        | 1                                     |
| Other revenue                  | 2,827                    | -                                   | 2,827         | -                                     |
| TOTAL NON-OPERATING REVENUES   | 33,739                   | 15,066                              | 48,805        | 1                                     |
| INCOME (LOSS) BEFORE TRANSFERS | 241,966                  | 427,561                             | 669,527       | 16,994                                |
| TRANSFERS                      |                          |                                     |               |                                       |
| Transfers (out)                | -                        | (300,000)                           | (300,000)     | -                                     |
| NET INCOME (LOSS)              | 241,966                  | 127,561                             | 369,527       | 16,994                                |
| NET ASSETS, BEGINNING OF YEAR  | 8,153,670                | 2,952,911                           | 11,106,581    | -                                     |
| NET ASSETS, END OF YEAR        | \$ 8,395,636             | \$ 3,080,472                        | \$ 11,476,108 | \$ 16,994                             |

The accompanying notes are an integral part of these financial statements.

**IOSCO COUNTY, MICHIGAN  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

|   | ENTERPRISE FUND          |                           |                     | INTERNAL<br>SERVICE                   |
|---|--------------------------|---------------------------|---------------------|---------------------------------------|
|   | Medical<br>Care Facility | Combined<br>Revolving Tax | Total               | Workers'<br>Compensation<br>Insurance |
| <b>Cash flows from operating activities</b>   |                          |                           |                     |                                       |
| Cash received from customers  | \$ 5,556,149             | \$ 594,958                | \$ 6,151,107        | \$ -                                  |
| Cash received from other operating activities   | 23,571                   | 169,297                   | 192,868             | 16,993                                |
| Cash received from proportionate share program  | 104,993                  | -                         | 104,993             | -                                     |
| Cash payments to employees and suppliers  | (5,271,982)              | (34,957)                  | (5,306,939)         | -                                     |
| Net cash provided (used) by operating activities  | 412,731                  | 729,298                   | 1,142,029           | 16,993                                |
| <b>Cash flows from non-capital financing activities</b>   |                          |                           |                     |                                       |
| Transfers   | -                        | (300,000)                 | (300,000)           | -                                     |
| Cash received from property tax levy  | 393,219                  | -                         | 393,219             | -                                     |
| Patient trust deposits, net   | (1,656)                  | -                         | (1,656)             | -                                     |
| Other   | 2,827                    | -                         | -                   | -                                     |
| Net cash provided (used) by non-capital financing activities  | 394,390                  | (300,000)                 | 94,390              | -                                     |
| <b>Cash flows from capital and related financing activities</b>                                       |                          |                           |                     |                                       |
| Purchases of capital assets   | (104,596)                | -                         | (104,596)           | -                                     |
| <b>Cash flows from investing activities</b>   |                          |                           |                     |                                       |
| Interest received   | 30,912                   | 15,066                    | 45,978              | 1                                     |
| Net increase (decrease) in cash and cash equivalents  | 733,437                  | 444,364                   | 1,177,801           | 16,994                                |
| Cash and cash equivalents, beginning of year  | 3,456,748                | 2,295,032                 | 5,751,780           | -                                     |
| <b>Cash and cash equivalents, end of year</b>   | <b>\$ 4,190,185</b>      | <b>\$ 2,739,396</b>       | <b>\$ 6,929,581</b> | <b>\$ 16,994</b>                      |
| <b>Balance sheet classification of cash and cash equivalents</b>                                      |                          |                           |                     |                                       |
| Cash and cash equivalents   | \$ 2,499,654             | \$ 2,462,943              | \$ 4,962,597        | \$ 16,994                             |
| Restricted assets   | 1,690,531                | -                         | 1,690,531           | -                                     |
| <b>Cash and cash equivalents, end of year</b>   | <b>\$ 4,190,185</b>      | <b>\$ 2,462,943</b>       | <b>\$ 6,653,128</b> | <b>\$ 16,994</b>                      |
| <b>Non-cash investing capital and financing transactions</b>  |                          |                           |                     |                                       |
| All dividends and interest income were immediately reinvested in the cash management funds.           |                          |                           |                     |                                       |
| <b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b> |                          |                           |                     |                                       |
| Operating income (loss)   | \$ (184,992)             | \$ 412,495                | \$ 227,503          | \$ 16,993                             |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: |                          |                           |                     |                                       |
| Depreciation  | 236,406                  | -                         | 236,406             | -                                     |
| Changes in assets and liabilities which increase (decrease) cash:                                     |                          |                           |                     |                                       |
| Receivables   | 87,215                   | 316,803                   | 404,018             | -                                     |
| Inventories   | (13,256)                 | -                         | (13,256)            | -                                     |
| Prepaid cost and other assets   | -                        | -                         | -                   | -                                     |
| Accounts payable  | 46,693                   | -                         | 46,693              | -                                     |
| Accrued and other liabilities   | 250,736                  | -                         | 250,736             | -                                     |
| Unearned revenue  | (10,071)                 | -                         | (10,071)            | -                                     |
| <b>Net cash provided (used) by operating activities</b>   | <b>\$ 412,731</b>        | <b>\$ 729,298</b>         | <b>\$ 1,142,029</b> | <b>\$ 16,993</b>                      |

The accompanying notes are an integral part of these financial statements.

**IOSCO COUNTY, MICHIGAN**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**DECEMBER 31, 2004**

| <u>ASSETS</u>                    | <u>Agency<br/>Funds</u>        |
|----------------------------------|--------------------------------|
| Cash and cash equivalents        | \$ 2,646,679                   |
| Investments                      | 25,000                         |
| Taxes receivable                 | 463,460                        |
| Accounts receivable              | <u>106,474</u>                 |
| <br><u>TOTAL ASSETS</u>          | <br><u><u>\$ 3,241,613</u></u> |
| <br><u>LIABILITIES</u>           |                                |
| Accounts payable                 | \$ 5,074                       |
| Accrued liabilities and advances | 5,596                          |
| Unallocated property taxes       | 939,295                        |
| Undistributed receipts           | 358,135                        |
| Undistributed penal fines        | 108,444                        |
| Unearned revenue                 | 463,460                        |
| Due to other governmental units  | <u>1,361,609</u>               |
| <br><u>TOTAL LIABILITIES</u>     | <br><u><u>\$ 3,241,613</u></u> |

The accompanying notes are an integral part of these financial statements.

# IOSCO COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2004

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### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of *Iosco County*, (the “County”), conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the significant policies:

#### A. REPORTING ENTITY

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the County and its component units. The component units discussed below are included in the County’s reporting entity because they are entities for which the County is considered to financially accountable.

##### **Blended Component Unit**

**Building Authority** - The financial statements of the Iosco County 1984 Building Authority have been consolidated with the County’s related debt service funds as required by the State of Michigan.

##### **Discretely Presented Component Units**

The component unit column in the Government-wide financial statements includes the financial data of the County’s other component units. These units are reported in a separate column to emphasize that they are legally separate from the County.

**Road Commission** - The County appoints all members of the governing board of the Road Commission. The Road Commission deposits receipts with the County. The Road Commission also has a balance in the County’s common bank account and has investments through the County. A complete financial statement can be obtained from the Iosco County Road Commission, 3939 M-55, Tawas City, Michigan 48764.

**County Drain Commission** - The County elected the Drain Commissioner, who is responsible for the activities of the Drain Commission. The County Treasurer collects the receipts and the Clerk makes disbursements after the Drain Commissioner approves the invoices. The Drain Commission also has balances in the County’s common bank account and investments through the County. A complete financial statement can be obtained from the Iosco County Drain Commission, 420 Lake Street, Tawas City, Michigan 48764.

# IOSCO COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2004

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### JOINT OPERATIONS

#### *District Health Department*

The counties of Ogemaw, Oscoda, Alcona and Iosco participate jointly in the operation of the District Health Department. The financial operations of the District Health Department are recorded in the records of the Ogemaw County Health Fund.

The funding formula approved by the member counties is based pro rata on each unit's population and equalized valuation to the district's total population and valuation. Member counties' percentages of the net operating budget for 2004 were:

|        |     |        |     |
|--------|-----|--------|-----|
| Ogemaw | 28% | Oscoda | 13% |
| Alcona | 21% | Iosco  | 38% |

Iosco County's appropriation to the District Health Department for 2004 was \$166,503.

#### *Mental Health Authority*

The AuSable Valley Community Mental Health Services Board is a three County Authority with each County appointing two members to the governing board. The Mental Health Services Board deposits their receipts with the Iosco County Treasurer. The Mental Health Services Board is part of Iosco County's common bank account and has investments through the County. The County's contribution to the Mental Health Services Board was \$69,070 for the current fiscal year. A complete financial statement of the Mental Health Services Board can be obtained from the AuSable Valley Community Mental Health Services Board, 1199 Harris Avenue, Tawas City, Michigan 48764.

### B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e. the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financial accountable.

# **IOSCO COUNTY, MICHIGAN**

## **NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2004**

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The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

### **C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements, except for agency funds, which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resource measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, or within one year for reimbursement – based grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.



# IOSCO COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2004

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Property taxes, franchise taxes, licenses, intergovernmental revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *ambulance service fund* accounts for the collection of a separate tax millage that is used to fund the operations of ambulance services.

The *EDC Grant Revolving Loan Fund* accounts for the operations of a service providing low interest loans to assist professional, commercial, and industrial entities in rehabilitation and expansion of existing businesses and construction of new business within the county.

The *East Tawas/Tawas City Waste Treatment Facility Fund* accounts for the accumulation of funds for the payment of interest and principal on the East Tawas/Tawas City Waste Treatment Facility Bonds.

The *Oscoda Sewer 2003 Debt Fund* accounts for the financial resources used for the repayment of the Oscoda Sewer 2003 Bonds.

The *Oscoda Sewer 2003 Construction Fund* accounts for the financial resources used for the construction of the Oscoda Township Sewer.

The government reports the following major proprietary funds:

The *medical care facility fund* accounts for the operations of the County's medical care facility.

The *delinquent tax revolving fund* accounts for the purchase of delinquent taxes from other local taxing units.

# IOSCO COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2004

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Additionally, the County reports the following fund types:

*Internal service funds* account for the central stores services, insurance fund services, and vehicle reserve services provided to other departments or agencies of the government on a cost reimbursement basis.

*Agency funds* are used to account for assets held for other governments in an agency capacity, including tax collections.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the delinquent tax revolving and the medical care facility enterprise funds are charges to customers for sales and services and interest collected on delinquent taxes. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

# **IOSCO COUNTY, MICHIGAN**

## **NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2004**

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### **D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY**

#### **1. DEPOSITS AND INVESTMENTS**

All short-term investments that are highly liquid and have an original maturity of three months or less are considered to be cash equivalents. Investments are stated at fair value.

#### **2. RECEIVABLES AND PAYABLES**

All receivables and payables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." There were no internal balances at the end of the fiscal year.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

#### **3. INVENTORY AND PREPAID ITEMS**

Inventories of expendable supplies have not been recorded and the amount of any such inventories is not considered material. The cost of such inventories has been treated as an expenditure at the time of purchase. Inventory for the Road Commission is valued at the lower of cost (first in, first out) or market. Inventory items are charged to road construction, maintenance, equipment repairs and operations as they are used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

# IOSCO COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2004

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### 4. RESTRICTED ASSETS

Restricted assets are assets that have been set aside for future capital purchases in the Medical Care Facility.

### 5. CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, curbs and gutters, streets, sidewalks, drainage systems, lighting systems and similar assets that are immovable and of value only to the County of Iosco), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects when constructed. Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

|                           |             |
|---------------------------|-------------|
| Building and improvements | 10-40 years |
| Equipment                 | 5-10 years  |
| Vehicles                  | 5-7 years   |
| Infrastructure            | 5-50 years  |

### 6. COMPENSATED ABSENCES

#### *Compensated Absence Liability Recognition*

Accumulated PTO is accrued when incurred in the proprietary funds. A liability for these amounts is reported in governmental funds only if they have matured.

The long term portion of unpaid PTO pay that is applicable to governmental fund types is reported in the Statement of Net Assets.

# **IOSCO COUNTY, MICHIGAN**

## **NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2004**

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### **7. LONG-TERM OBLIGATIONS**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### **8. FUND EQUITY**

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

## **II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

### **A. BUDGETS AND BUDGETARY ACCOUNTING**

The County follows these procedures in establishing the budgetary data reflected in the financial statements.

- Prior to December 1, the departments submit to the Board of Commissioners a proposed departmental operating budget for the fiscal year commencing the following January 1. This operating budget includes proposed expenditures and means of financing them.
- Public hearings are conducted at the governmental center to obtain taxpayer comments.
- Prior to January 1, the budget is legally enacted through passage of an ordinance
- All budget appropriations lapse at year end. Budgetary amounts reported herein are as originally adopted, or as amended by the Board of Commissioners throughout the operating year.

# IOSCO COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2004

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- Annual budgets are legally adopted and formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.
- Budgets for the General and Special Revenue Funds are prepared on a modified accrual basis, while the Internal Service and Enterprise Fund informational budgets are prepared using the accrual basis of accounting. Both methods are consistent with generally accepted accounting principles (GAAP).
- The legal level of control is at the activity level for the General Fund and Special Revenue Funds.
- The County Clerk is authorized to transfer budgeted amounts between accounts within the same department. Revisions that alter the total expenditures of any fund or total department expenditures in the General Fund must be approved by the County Board of Commissioners

### B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS FOR BUDGETARY FUNDS

The General Fund and other County Funds had expenditures exceeding budgeted appropriations at the activity level, which is the County's legal level of budgetary control for the year ended December 31, 2004.

|                        | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|------------------------|---------------|---------------|-----------------|
| <b>GENERAL FUND</b>    |               |               |                 |
| <b>LEGISLATIVE</b>     |               |               |                 |
| Board of Commissioners | \$ 115,311    | \$ 116,246    | \$ (935)        |
| <b>JUDICIAL</b>        |               |               |                 |
| District Court         | 470,807       | 477,063       | (6,256)         |
| Jury Commission        | 5,300         | 5,997         | (697)           |

# IOSCO COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2004

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|                              | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|------------------------------|---------------|---------------|-----------------|
| <b>GENERAL GOVERNMENT</b>    |               |               |                 |
| County counsel               | 25,000        | 25,005        | (5)             |
| Prosecuting attorney         | 234,115       | 236,034       | (1,919)         |
| Register of deeds            | 196,612       | 197,980       | (1,368)         |
| Remonumentation project      | 34,387        | 35,386        | (999)           |
| Miscellaneous                | 35,650        | 58,372        | (22,722)        |
| <b>PUBLIC SAFETY</b>         |               |               |                 |
| Sheriff Department           | 311,133       | 318,876       | (7,743)         |
| Cooperative Extension        |               |               |                 |
| Marine Agent                 | 14,915        | 15,063        | (148)           |
| Jail                         | 992,904       | 1,127,742     | (134,838)       |
| Emergency services office    | 3,525         | 89,460        | (85,935)        |
| Animal Shelter               | 68,633        | 74,317        | (5,684)         |
| <b>CAPITAL OUTLAY</b>        |               |               |                 |
| Capital outlay               | 62,583        | 89,276        | (26,693)        |
| <b>DEBT SERVICE</b>          |               |               |                 |
| Principal                    | -             | 141,838       | (141,838)       |
| Interest                     | -             | 27,704        | (27,704)        |
| <b>TRANSFERS OUT</b>         |               |               |                 |
| Building Authority           | -             | 58            | (58)            |
| Public Safety Building       | 3,607         | 7,315         | (3,708)         |
| Wraparound Coordinator       | 20,770        | 33,423        | (12,653)        |
| Law Library                  | 1,500         | 2,319         | (819)           |
| <b>SPECIAL REVENUE FUNDS</b> |               |               |                 |
| Ambulance Service-           |               |               |                 |
| Capital Outlay               | 100,000       | 154,385       | (54,385)        |
| EDC Grant Revolving-         |               |               |                 |
| General Government           | 365,000       | 539,755       | (174,755)       |
| Transfer Out                 | -             | 20,000        | (20,000)        |
| Friend of the Court          |               |               |                 |
| Debt service principal       | -             | 11,343        | (11,343)        |
| Debt service interest        | -             | 6,018         | (6,018)         |
| Michigan Works – 7B –        |               |               |                 |
| Judicial                     | -             | 1,637         | (1,637)         |
| Transfer out                 | -             | 1,200         | (1,200)         |
| Marriage Counseling –        |               |               |                 |
| Health and Welfare           | 1,000         | 2,682         | (1,682)         |

# IOSCO COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2004

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|                                | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|--------------------------------|---------------|---------------|-----------------|
| OUIL Restitution -             |               |               |                 |
| Judicial                       | \$ 12,000     | \$ 15,585     | \$ (3,585)      |
| Register of Deeds Technology – |               |               |                 |
| General                        | 3,265         | 20,886        | (17,621)        |
| Debt Service-Principal         | -             | 3,513         | (3,513)         |
| Debt Service-Interest          | -             | 797           | (797)           |
| Crime Victims Rights –         |               |               |                 |
| Public Safety                  | 19,778        | 23,526        | (3,748)         |
| Law Library-                   |               |               |                 |
| Judicial                       | 5,000         | 9,466         | (4,466)         |
| Trail Grooming –               |               |               |                 |
| Culture and Recreation         | 20,300        | 26,141        | (5,841)         |
| Debt Service-Principal         | -             | 7,813         | (7,813)         |
| Debt Service-Interest          | -             | 1,724         | (1,724)         |
| Michigan Justice Training-     |               |               |                 |
| Judicial                       | -             | 1             | (1)             |
| Family Independence Agency-    |               |               |                 |
| Health and Welfare             | -             | 3,202         | (3,202)         |
| Child Care Fund-               |               |               |                 |
| Health and Welfare             | 619,500       | 739,267       | (119,767)       |
| Veterans' Trust-               |               |               |                 |
| Health and Welfare             | 1,904         | 2,691         | (787)           |
| Transfers out                  | -             | 178           | (178)           |
| Plat Book Revolving-           |               |               |                 |
| General government             | -             | 18,400        | (18,400)        |
| Building Improvement-          |               |               |                 |
| Capital Outlay                 | -             | 626,173       | (626,173)       |
| County Park                    |               |               |                 |
| Transfer out                   | -             | 50            | (50)            |



# IOSCO COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2004

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### C. DEFICIT FUND EQUITY

The Child Care special revenue fund had a deficit fund balance of \$68,471 as of December 31, 2004. The County will establish a deficit elimination plan, which will be submitted to the Local Audit and Finance Division of the State of Michigan.

The Drain Commission component unit had a deficit net assets of \$603 as of December 31, 2004. The County will establish a deficit elimination plan, which will be submitted to the Local Audit and Finance Division of the State of Michigan.

### III. DETAILED NOTES ON ALL FUNDS

#### A. DEPOSITS AND INVESTMENTS

A reconciliation of cash, pooled investments and investments as shown in the basic financial statements to the County's deposits and investments is as follows:

|   | <b><u>Carrying<br/>Amount</u></b> |
|---|-----------------------------------|
| Government-wide Financial Statement Captions: |                                   |
| Primary Government:                           |                                   |
| Cash and cash equivalents                     | \$ 10,510,365                     |
| Investments                                   | 80,000                            |
| Restricted cash                               | 1,457,614                         |
| Component Units:                              |                                   |
| Cash and cash equivalents                     | 167,961                           |
| Investments                                   | 2,665,291                         |
| Fiduciary Fund Financial Statement Captions:  |                                   |
| Cash and cash equivalents                     | 2,646,679                         |
| Investments                                   | <u>25,000</u>                     |
| Total   | <u>\$ 17,552,910</u>              |
| Notes to Financial Statements:                |                                   |
| Deposits                                      | \$ 17,550,420                     |
| Cash on hand                                  | <u>2,490</u>                      |
| Total   | <u>\$ 17,552,910</u>              |

# **IOSCO COUNTY, MICHIGAN**

## **NOTES TO FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED DECEMBER 31, 2004**

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Deposits - At December 31, 2004, the carrying amount of the County's deposits was \$17,550,420 and the bank balance was \$17,645,993. Of the bank balance, \$485,377 was covered by Federal Depository Insurance and \$17,160,616 was neither insured nor collateralized.

#### ***Investments***

The County Board of Commissioners has adopted an investment policy that authorizes the County Treasurer to deposit and invest in the following:

- Bonds, securities, other direct obligations and repurchase agreements of the United States or an agency or instrumentality of the United States
- Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified institution
- Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services which mature not more than 270 days after the date of purchase
- Banker's acceptances of United States banks
- Obligations of the State of Michigan and its political subdivisions that, at the time of purchase, are rated as investment grade by at least one standard rating service
- Mutual funds registered under the investment company act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation
- External investment pools as authorized by Public Act 20 as amended through 12/31/97

# IOSCO COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2004

### B. RECEIVABLES

Receivables in the primary government and component units are as follows:

|   | Governmental<br>Activities | Business-type<br>Activities | Component<br>Units |
|---|----------------------------|-----------------------------|--------------------|
| Taxes   | \$ 4,423,726               | \$ 1,039,358                | \$ -               |
| Accounts                                      | 1,226,676                  | 356,519                     | 706,318            |
| Special assessments                           | -                          | -                           | 53,936             |
| Loan  |                            |                             |                    |
| Due within one year                           | 1,110,871                  | -                           | -                  |
| Due after one year                            | 2,219,347                  | -                           | -                  |
| Intergovernmental                             |                            |                             |                    |
| Due within one year                           | 711,000                    | -                           | -                  |
| Due after one year                            | 6,678,105                  | -                           | -                  |
| Less: allowance for<br>uncollectible accounts | <u>(898,090)</u>           | <u>-</u>                    | <u>-</u>           |
| Total   | <u>\$ 15,471,635</u>       | <u>\$ 1,395,877</u>         | <u>\$ 760,254</u>  |

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

|  | <u>Unavailable</u>  | <u>Unearned</u>  |
|--|---------------------|------------------|
| Property taxes receivable (General Fund)                         | \$ 2,464,737        | \$ -             |
| Property taxes receivable (Ambulance<br>Service Fund)            | 409,521             | -                |
| Property taxes receivable (Nonmajor<br>Governmental Funds)       | 317,099             |                  |
| Grant drawdowns prior to meeting all eligibility<br>requirements | <u>-</u>            | <u>10,528</u>    |
| Total  | <u>\$ 3,191,357</u> | <u>\$ 10,528</u> |

# IOSCO COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2004

### C. CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2004 was as follows:

#### Primary Government

|  | <u>Beginning<br/>Balance</u> | <u>Additions</u>  | <u>Disposals</u>   | <u>Ending<br/>Balance</u> |
|--|------------------------------|-------------------|--------------------|---------------------------|
| <b>Governmental activities</b>                     |                              |                   |                    |                           |
| Capital assets not being depreciated:              |                              |                   |                    |                           |
| Land   | \$ 263,506                   | \$ -              | \$ -               | \$ 263,506                |
| Construction in progress                           | <u>42,800</u>                | <u>-</u>          | <u>(42,800)</u>    | <u>-</u>                  |
| Total capital assets not being depreciated:        | <u>306,306</u>               | <u>-</u>          | <u>(42,800)</u>    | <u>263,506</u>            |
| Capital assets being depreciated:                  |                              |                   |                    |                           |
| Buildings & improvements                           | 3,022,537                    | 667,444           | -                  | 3,689,981                 |
| Equipment  | 464,986                      | 17,790            | -                  | 482,776                   |
| Vehicles   | <u>498,869</u>               | <u>195,743</u>    | <u>(48,579)</u>    | <u>646,033</u>            |
| Total capital assets being depreciated             | <u>3,986,392</u>             | <u>880,977</u>    | <u>(48,579)</u>    | <u>4,818,790</u>          |
| Less accumulated depreciation                      |                              |                   |                    |                           |
| Buildings & improvements                           | (856,761)                    | (81,154)          | -                  | (937,915)                 |
| Equipment  | (140,483)                    | (40,730)          | -                  | (181,213)                 |
| Vehicles   | <u>(238,987)</u>             | <u>(79,115)</u>   | <u>17,350</u>      | <u>(300,752)</u>          |
| Total accumulated depreciation                     | <u>(1,236,231)</u>           | <u>(200,999)</u>  | <u>17,350</u>      | <u>(1,419,880)</u>        |
| Total capital assets being depreciated, net        | <u>2,750,161</u>             | <u>679,978</u>    | <u>(31,229)</u>    | <u>3,398,910</u>          |
| <b>Governmental activities capital assets, net</b> | <u>\$ 3,056,467</u>          | <u>\$ 679,978</u> | <u>\$ (74,029)</u> | <u>\$ 3,662,416</u>       |

# IOSCO COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2004

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|   | <u>Beginning<br/>Balance</u> | <u>Additions</u>   | <u>Disposals</u> | <u>Ending<br/>Balance</u> |
|---|------------------------------|--------------------|------------------|---------------------------|
| <b>Business-type activities</b>                     |                              |                    |                  |                           |
| Capital assets not being depreciated:               |                              |                    |                  |                           |
| Construction in progress                            | \$ -                         | \$ 28,500          | \$ -             | \$ 28,500                 |
| Capital assets being depreciated:                   |                              |                    |                  |                           |
| Building & improvements                             | 5,001,444                    | 33,952             | (19,223)         | 5,016,173                 |
| Equipment   | <u>1,442,849</u>             | <u>42,144</u>      | <u>-</u>         | <u>1,484,993</u>          |
| Total capital assets being depreciated              | <u>6,444,293</u>             | <u>76,096</u>      | <u>(19,223)</u>  | <u>6,501,166</u>          |
| Less accumulated depreciation                       |                              |                    |                  |                           |
| Building & improvements                             | (1,030,466)                  | (131,524)          | 19,223           | (1,142,767)               |
| Equipment   | <u>(821,737)</u>             | <u>(104,882)</u>   | <u>-</u>         | <u>(926,619)</u>          |
| Total accumulated depreciation                      | <u>(1,852,203)</u>           | <u>(236,406)</u>   | <u>19,223</u>    | <u>(2,069,386)</u>        |
| Total capital assets being depreciated, net         | <u>4,592,090</u>             | <u>(160,310)</u>   | <u>-</u>         | <u>4,431,780</u>          |
| <b>Business-type activities capital assets, net</b> | <u>\$ 4,592,090</u>          | <u>\$(131,810)</u> | <u>\$ -</u>      | <u>\$ 4,460,280</u>       |

Depreciation expense was charged to functions/programs of the primary government as follows:

**Governmental activities:**

|                        |               |
|------------------------|---------------|
| General government     | \$ 67,842     |
| Public safety          | 45,497        |
| Health and welfare     | 75,181        |
| Culture and Recreation | <u>12,479</u> |

**Total depreciation expense – governmental activities**      **\$ 200,999**

**Business-type activities**

**Total depreciation expense – Medical Care Facility**      **\$ 236,406**

# IOSCO COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2004

Activity for the Road Commission for the year ended December 31, 2004, was as follows:

|   | <u>Beginning<br/>Balance</u> | <u>Additions</u>          | <u>Disposals</u>   | <u>Ending<br/>Balance</u>  |
|---|------------------------------|---------------------------|--------------------|----------------------------|
| Capital assets not being depreciated:       |                              |                           |                    |                            |
| Land  | \$ 39,165                    | \$ -                      | \$ -               | \$ 39,165                  |
| Capital assets being depreciated:           |                              |                           |                    |                            |
| Land improvements                           | 25,736                       | 4,883                     | -                  | 30,619                     |
| Building and improvements                   | 1,834,326                    | -                         | -                  | 1,834,326                  |
| Road equipment                              | 5,371,894                    | 367,843                   | (123,816)          | 5,615,921                  |
| Other equipment                             | 284,846                      | -                         | (20,260)           | 264,586                    |
| Infrastructure and improvements             | <u>4,354,457</u>             | <u>2,946,125</u>          | <u>-</u>           | <u>7,300,582</u>           |
| Total capital assets being depreciated      | <u>11,871,259</u>            | <u>3,318,851</u>          | <u>(144,076)</u>   | <u>15,046,034</u>          |
| Less accumulated depreciation               |                              |                           |                    |                            |
| Land improvements                           | (4,914)                      | (5,147)                   | -                  | (10,061)                   |
| Building and improvements                   | (846,161)                    | (39,573)                  | -                  | (885,734)                  |
| Road equipment                              | (4,345,765)                  | (385,277)                 | 123,816            | (4,607,226)                |
| Other equipment                             | (207,902)                    | (19,691)                  | 20,260             | (207,333)                  |
| Infrastructure and improvements             | <u>-</u>                     | <u>205,845</u>            | <u>-</u>           | <u>205,845</u>             |
| Total accumulated depreciation              | <u>(5,404,742)</u>           | <u>(655,533)</u>          | <u>144,076</u>     | <u>(5,916,199)</u>         |
| Total capital assets being depreciated, net | <u>6,466,517</u>             | <u>2,663,318</u>          | <u>-</u>           | <u>9,129,835</u>           |
| <b>Road commission capital assets, net</b>  | <b><u>\$ 6,505,682</u></b>   | <b><u>\$2,663,318</u></b> | <b><u>\$ -</u></b> | <b><u>\$ 9,169,000</u></b> |

# IOSCO COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2004

Activity for the Drain Commission for the year ended December 31, 2004, was as follows:

|   | <u>Beginning<br/>Balance</u> | <u>Additions</u>  | <u>Disposals</u> | <u>Ending<br/>Balance</u> |
|---|------------------------------|-------------------|------------------|---------------------------|
| Capital assets not being depreciated:                           |                              |                   |                  |                           |
| Construction in progress-<br>infrastructure and<br>improvements | <u>\$ -</u>                  | <u>\$ 200,864</u> | <u>\$ -</u>      | <u>\$ 200,864</u>         |

### C. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

| <u>Due to</u>               | <u>Due From</u>         |  | <u>Total</u>       |
|-----------------------------|-------------------------|--|--------------------|
|                             | <u>General<br/>Fund</u> | <u>Nonmajor<br/>Governmental<br/>Funds</u> |                    |
| General Fund                | \$ -                    | \$ 293,693                                 | \$ 293,693         |
| Ambulance Service Fund      | 2,767                   | -  | 2,767              |
| Nonmajor governmental funds | 1,260,949               | 270,917                                    | 1,531,866          |
| Total                       | <u>\$1,263,716</u>      | <u>\$ 564,610</u>                          | <u>\$1,828,326</u> |

The balances are a result of time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

### Advances to/from component units

|                  |                  |                  |
|------------------|------------------|------------------|
| General          | \$ 67,000        | \$ -             |
| Drain commission | -                | 67,000           |
| Total            | <u>\$ 67,000</u> | <u>\$ 67,000</u> |

# IOSCO COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2004

| Transfers From                | Transfers To      |                             |                     |
|-------------------------------|-------------------|-----------------------------|---------------------|
|                               | General Fund      | Nonmajor Governmental Funds | Total               |
| General                       | \$ -              | \$ 495,395                  | \$ 495,395          |
| Ambulance Service Fund        | -                 | 15,550                      | 15,550              |
| EDC Loan Fund                 | -                 | 20,000                      | 20,000              |
| Delinquent Tax Revolving Fund | 300,000           | -                           | 300,000             |
| Nonmajor governmental funds   | 284,489           | 9,743                       | 294,232             |
| <b>Total</b>                  | <b>\$ 584,489</b> | <b>\$ 540,688</b>           | <b>\$ 1,125,177</b> |

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) move revenue from the Revenue Reserve Sharing Fund to replace the amount the County would have received for their State shared revenue for October 2004 per Public Act 357 of 2004.

### D. LONG-TERM DEBT

#### Primary Government

The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. The original amount of general obligation bonds issued in prior years was \$18,134,463.

General obligation bonds and notes are direct obligations bonds and pledge the full faith and credit of the government. These bonds are generally issued as 5 to 40-year serial bonds with varying amounts of principal maturing each year. General obligation and notes currently outstanding are as follows:

| <u>Purpose</u>                | <u>Interest Rates</u> | <u>Amount</u>        |
|-------------------------------|-----------------------|----------------------|
| Governmental activities       |                       |                      |
| Public Works Bonds            | 2.75 – 7.0%           | \$ 6,966,000         |
| Building Authority Bonds      |                       |                      |
| Medical Care Facility         |                       |                      |
| Enterprise Fund               | 2.75 – 7.0%           | 3,040,000            |
| Total governmental activities |                       | <u>\$ 10,006,000</u> |



# IOSCO COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2004

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Annual debt service requirements to maturity for general obligation bonds and notes are as follows:

| <u>Year Ending<br/>September 30</u> | <u>Governmental Activities</u> |                    |
|-------------------------------------|--------------------------------|--------------------|
|                                     | <u>Principal</u>               | <u>Interest</u>    |
| 2005                                | \$ 786,000                     | \$ 487,991         |
| 2006                                | 882,000                        | 450,027            |
| 2007                                | 917,000                        | 405,755            |
| 2008                                | 731,000                        | 363,802            |
| 2009                                | 757,000                        | 324,976            |
| 2010-2014                           | 2,227,000                      | 1,220,696          |
| 2015-2019                           | 2,346,000                      | 657,749            |
| 2020-2024                           | <u>1,360,000</u>               | <u>152,999</u>     |
| Total                               | <u>\$ 10,006,000</u>           | <u>\$4,063,995</u> |

Minimum capital lease payments for each of the years succeeding December 31, 2004 for the County are as follows:

| <u>Year</u>                                    | <u>Capital Lease<br/>Payments</u> |
|--|-----------------------------------|
| 2005   | \$ 184,023                        |
| 2006   | 104,013                           |
| 2007   | 81,567                            |
| 2008   | 67,327                            |
| 2009   | 67,327                            |
| 2010-2014                                      | <u>297,358</u>                    |
| Total minimum lease payments                   | 801,615                           |
| Less amounts representing interest             | <u>121,660</u>                    |
| Present value of net<br>minimum lease payments | <u>\$ 679,955</u>                 |

# IOSCO COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2004

### Changes in Long-Term Debt

Long-term liability activity for the year ended December 31, 2004 was as follows:

|  | <u>Beginning<br/>Balance</u> | <u>Additions</u>  | <u>Reductions</u>     | <u>Ending<br/>Balance</u> | <u>Due Within<br/>One Year</u> |
|--|------------------------------|-------------------|-----------------------|---------------------------|--------------------------------|
| <b>Governmental activities:</b>                |                              |                   |                       |                           |                                |
| General obligation bonds                       | \$ 8,235,000                 | \$ -              | \$ (1,269,000)        | \$ 6,966,000              | \$ 711,000                     |
| Building Authority-                            |                              |                   |                       |                           |                                |
| General obligation bonds                       | 3,090,000                    | -                 | (50,000)              | 3,040,000                 | 75,000                         |
| Net pension obligation                         | 180,063                      | -                 | (95,635)              | 84,428                    | -                              |
| Capital leases                                 | 800,361                      | 44,100            | (164,506)             | 679,955                   | 156,120                        |
| Compensated absences                           | <u>310,026</u>               | <u>346,818</u>    | <u>(276,137)</u>      | <u>380,707</u>            | <u>297,261</u>                 |
| Governmental activity<br>Long-term liabilities | <u>\$12,615,450</u>          | <u>\$ 390,918</u> | <u>\$ (1,855,278)</u> | <u>\$11,151,090</u>       | <u>\$1,239,381</u>             |
| <b>Component Units:</b>                        |                              |                   |                       |                           |                                |
| Road Commission:                               |                              |                   |                       |                           |                                |
| Compensated absences                           | <u>\$ 270,300</u>            | <u>\$ 15,227</u>  | <u>\$ (5,885)</u>     | <u>\$ 279,642</u>         | <u>\$ 5,885</u>                |
| Drain Commission:                              |                              |                   |                       |                           |                                |
| General obligation bonds                       | <u>\$ 467,026</u>            | <u>\$ -</u>       | <u>\$ (123,631)</u>   | <u>\$ 343,395</u>         | <u>\$ 22,198</u>               |

For governmental activities, compensated absences are generally liquidated by the general fund.

## IV. OTHER INFORMATION

### A. DEFINED BENEFIT PENSION PLAN

*Plan Description.* The County's defined benefit pension plan provides retirement and disability benefits, and death benefits to plan members and beneficiaries. The County participates in the Municipal Employees Retirement System of Michigan (MERS), an agent multiple-employer plan administered by the MERS Retirement Board. Act No. 427 of the Public Acts of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. The Municipal Employees Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplementary information for MERS. That report may be obtained by writing to the Municipal Employees Retirement System of Michigan, 447 N. Canal Road, Lansing, Michigan 48917 or by calling (800) 767-6377.

*Funding Policy.* The County is required to contribute at an actuarially determined rate; the current rate required to be contributed on annual covered payroll is 11.46% for general employees, 14.08% for members of the police officers union, 6.63% for medical care facility employees, 12.83% for members of the United Steel Workers Union, 13.03% for members

# IOSCO COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2004

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of the Central Dispatch, 9.09% for Chemical Workers Union, 18.86% for Elected and Non-Union employees, and 23.13% for Director. Employees are required to contribute between 0.0% to 2.57% to the Plan, depending on contract or union agreement. The contribution requirements of the County are established and may be amended by the Retirement Board of MERS. The contribution requirements of plan members, if any, are established and may be amended by the County, depending on the MERS contribution program adopted by the County.

*Annual Pension Cost and Net Pension Obligation.* The County's annual pension cost and net pension obligation to MERS for the current year were as follows:

|  |                         |
|--|-------------------------|
| Annual required contribution               | \$ 421,512              |
| Interest on net pension obligation         | 14,405                  |
| Adjustment to annual required contribution | <u>(33,594)</u>         |
| Annual pension cost                        | 402,323                 |
| Contributions made                         | <u>(497,958)</u>        |
| Decrease in net pension obligation         | (95,635)                |
| Net pension obligation, beginning of year  | <u>180,063</u>          |
| <b>Net pension obligation, end of year</b> | <b><u>\$ 84,428</u></b> |

The annual required contribution for the current year was determined as a part of the December 31, 2002 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 8%, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation, and (c) additional projected salary increases of 0.00% to 4.16% per year, depending on age, attributable to seniority/merit. The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return, and includes an adjustment to reflect fair value. The County's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2003, the date of the latest actuarial valuation, was 30 years.

# IOSCO COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2004

### Three-Year Trend Information

| <b>Fiscal<br/>Year<br/>Ending</b> | <b>Annual<br/>Pension<br/>Cost (APC)</b> | <b>Percentage<br/>of APC<br/>Contributed</b> | <b>Net<br/>Pension<br/>Obligation</b> |
|-----------------------------------|--|--|---------------------------------------|
| 12/31/02                          | \$ 412,169                               | 110%   | \$ 243,028                            |
| 12/31/03                          | 520,992                                  | 112%   | 180,063                               |
| 12/31/04                          | 402,323                                  | 124%   | 84,428                                |

### Schedule of Funding Progress

| <b>Actuarial<br/>Valuation<br/>Date</b> | <b>Actuarial<br/>Value of<br/>Assets<br/>(a)</b> | <b>Actuarial Accrued<br/>Liability (AAL)<br/>-Entry Age<br/>(b)</b> | <b>Unfunded<br/>AAL<br/>(UAAL)<br/>(b-a)</b> | <b>Funded<br/>Ratio<br/>(a/b)</b> | <b>Covered<br/>Payroll<br/>(c)</b> | <b>UAAL as a<br/>Percentage of<br/>Covered Payroll<br/>((b-a)/c)</b> |
|---|--|---|--|-----------------------------------|------------------------------------|--|
| 12/31/01                                | \$9,238,183                                      | \$12,220,052  | \$2,981,869                                  | 76%                               | \$4,968,427                        | 60%  |
| 12/31/02                                | 9,616,650  | 13,135,615  | 3,518,965                                    | 73                                | 5,353,343                          | 66   |
| 12/31/03                                | 10,655,538                                       | 15,050,353  | 4,394,815                                    | 71                                | 6,194,175                          | 70   |

### Component Unit – Road Commission

*Plan Description.* The Road Commission's defined benefit pension plan provides retirement and disability benefits, and death benefits to plan members and beneficiaries. The Road Commission participates in the Municipal Employees Retirement System of Michigan (MERS), an agent multiple-employer plan administered by the MERS Retirement Board. Act No. 427 of the Public Acts of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. The Municipal Employees Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplementary information for MERS. That report may be obtained by writing to the Municipal Employees Retirement System of Michigan, 447 N. Canal Road, Lansing, Michigan 48917 or by calling (800) 767-6377.

# IOSCO COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2004

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*Funding Policy.* The Road Commission is required to contribute at an actuarially determined rate based on covered payroll; the current rate required to be contributed on annual covered payroll is 5.09% for hourly employees and 13.32% for salaried employees. The Road Commission hourly employees are required to contribute 6.7% of annual compensation and salaried employees are required to contribute 8.97% of annual compensation to the Plan. The contribution requirements of the Road Commission are established and may be amended by the Retirement Board of MERS. The contribution requirements of plan members, if any, are established and may be amended by the Road Commission, depending on the MERS contribution program adopted by the County.

*Annual Pension Cost.* For the year ended December 31, 2004, the Road Commission's annual pension cost was \$124,483, which is equal to the required and actual contribution. The required contribution was determined as part of the December 31, 2002 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 8.0%, (b) a mortality table projecting the number of employees who will die before retirement and the duration of benefit payments after retirement, (c) assumed retirement rates projected when employees will retire and commence receiving benefits, (d) a set of withdrawal and disability rates to estimate the number of employees who will leave the work force before retirement, and (e) assumed rates of salary increases to project employees compensation in the future years. The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return, and includes an adjustment to reflect fair value.

### Three-Year Trend Information

| <b><u>Fiscal<br/>Year<br/>Ending</u></b> | <b><u>Annual<br/>Pension<br/>Cost (APC)</u></b> | <b><u>Percentage<br/>of APC<br/>Contributed</u></b> | <b><u>Net<br/>Pension<br/>Obligation</u></b> |
|--|---|---|--|
| 12/31/02                                 | \$ 101,045                                      | 100%  | \$ -   |
| 12/31/03                                 | 100,772   | 100%  | -  |
| 12/31/04                                 | 124,483   | 100%  | -  |

# IOSCO COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2004

### Schedule of Funding Progress

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets<br>(a) | Actuarial Accrued<br>Liability (AAL)<br>-Entry Age<br>(b) | Unfunded<br>AAL<br>(UAAL)<br>(b-a) | Funded<br>Ratio<br>(a/b) | Covered<br>Payroll<br>(c) | UAAL as a<br>Percentage of<br>Covered Payroll<br>((b-a)/c) |
|--------------------------------|--|---|------------------------------------|--------------------------|---------------------------|--|
| 12/31/01                       | \$3,454,430                            | \$4,557,739   | \$1,103,309                        | 76%                      | 1,354,294                 | 81.0%  |
| 12/31/02                       | 3,638,594                              | 4,955,285   | 1,316,691                          | 73%                      | 1,392,223                 | 95.0%  |
| 12/31/03                       | 3,951,538                              | 5,610,261   | 1,658,723                          | 70%                      | 1,429,139                 | 116%   |

#### B. DEFINED CONTRIBUTION PENSION PLAN

##### Plan Description

The Iosco County Employees Defined Contribution Pension Plan (the "Plan") is a single employer defined contribution pension plan, established by the County and administered by an outside third-party administrator. All County employees hired after January 2000, with the exception of certain bargaining units, are required to participate in the Plan. As the union contracts of the non-participating bargaining units are renegotiated, new employees of these units are added to the Plan. All other County employees that are not vested in the County's Defined Benefit Plan have the option of becoming a participant in the Defined Contribution Plan. Employees vest in the County's contributions completely after one year.

At December 31, 2004, there were 21 plan members. Plan members are not required to contribute to the Plan, however, employees may contribute up to 8% of their annual salary. The County is required to contribute 7% of the employees' annual salary. The contribution requirements of plan members and the County are established and may be amended by the Board of Commissioners.

Employer contributions to the Plan for the year ended December 31, 2004 amounted to \$34,831 and employee contributions were \$4,105.

A stand-alone pension plan report has not been issued for the defined contribution plan.

# IOSCO COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2004

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### C. PROPERTY TAXES

Property taxes become an enforceable lien on property as of December 1. Taxes are levied on December 1, and are payable by February 28. The cities and townships within the County bill and collect the property taxes for the County. County taxes levied December 1 are considered revenue for the subsequent year; therefore, taxes receivable in the governmental funds have been offset by deferred revenue. Real and personal property for the December 1, 2004 levy was assessed and equalized at \$939,342,820 representing 50% of estimated current market value. The 2004 operating tax rates are 3.9901 mills for Operating, .4417 for Ambulance, .5 for Library, .4509 for Medical Care operations, and .3421 for Medical Care Facility debt service.

By resolution of the Board of Commissioners and agreement with various taxing authorities, the County purchased at face value the real property taxes receivable returned delinquent on March 1, 2004. This activity is recorded in the Delinquent Tax Revolving Funds.

### D. RESTATEMENTS

For the Governmental Activities on the Statement of Net Assets for the year ended December 31, 2004, errors were made in accounting for capital assets, interest payable, the regional library fund, and capital leases payable. These errors have been corrected and had the following effect on the beginning net assets:

|   |                    |
|---|--------------------|
| Beginning net assets, as previously reported        | \$8,988,368        |
| Adjustment to record capital lease payable          | (565,261)          |
| Adjustment to accrue interest payable               | (97,930)           |
| Adjustment to eliminate regional library fund       | (482,196)          |
| Adjustment for decrease in accumulated depreciation | 140,574            |
| Adjustment to record construction in progress       | <u>42,800</u>      |
| Beginning net assets, as restated                   | <u>\$8,026,355</u> |

# **IOSCO COUNTY, MICHIGAN**

## **NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2004**

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### **E. CONTINGENCIES AND PENDING LITIGATION**

The County is a defendant in several matters which involve various claims against Iosco County related to disciplinary proceedings, unfair labor practices and property tax appeals. Outside counsel has advised that the possibility of unfavorable outcomes does exist, but believes that this is not likely. If an unfavorable outcome does occur, legal counsel is currently unable to predict the amount of range of potential loss.

Under the terms of various Federal and State grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. However, County management does not believe such disallowances, if any, will be material to the financial position of the County.

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**IOSCO COUNTY, MICHIGAN  
GENERAL FUND  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2004**

|                                  | ORIGINAL<br>BUDGET | AMENDED<br>BUDGET | ACTUAL           | OVER<br>(UNDER)<br>BUDGET |
|----------------------------------|--------------------|-------------------|------------------|---------------------------|
| <b>CIRCUIT COURT</b>             |                    |                   |                  |                           |
| Charges for services             | \$ 200             | \$ 200            | \$ 2,752         | \$ 2,552                  |
| Reimbursements and refunds       | 93,024             | 93,024            | 122,790          | 29,766                    |
| <b>TOTAL CIRCUIT COURT</b>       | <b>93,224</b>      | <b>93,224</b>     | <b>125,542</b>   | <b>32,318</b>             |
| <b>DISTRICT COURT</b>            |                    |                   |                  |                           |
| Intergovernmental:               |                    |                   |                  |                           |
| State                            | 7,000              | 7,000             | 7,425            | 425                       |
| Charges for services             | 480,000            | 480,000           | 476,874          | (3,126)                   |
| Fines and forfeits               | 80,500             | 80,500            | 73,678           | (6,822)                   |
| Reimbursements and refunds       | 31,488             | 31,488            | 26,797           | (4,691)                   |
| Other                            | 100                | 100               | -                | (100)                     |
| <b>TOTAL DISTRICT COURT</b>      | <b>599,088</b>     | <b>599,088</b>    | <b>584,774</b>   | <b>(14,314)</b>           |
| <b>PROBATE COURT</b>             |                    |                   |                  |                           |
| Charges for services             | 55,000             | 55,000            | 57,838           | 2,838                     |
| <b>DECISIONS TO ACTION</b>       |                    |                   |                  |                           |
| Intergovernmental:               |                    |                   |                  |                           |
| State                            | -                  | -                 | 18,338           | 18,338                    |
| Reimbursements                   | -                  | -                 | 135              | 135                       |
| <b>TOTAL DECISIONS TO ACTION</b> | <b>-</b>           | <b>-</b>          | <b>18,473</b>    | <b>18,473</b>             |
| <b>COUNTY CLERK</b>              |                    |                   |                  |                           |
| Charges for services             | 66,725             | 66,725            | 96,356           | 29,631                    |
| Reimbursements and refunds       | 15,500             | 15,500            | 1,806            | (13,694)                  |
| <b>TOTAL COUNTY CLERK</b>        | <b>82,225</b>      | <b>82,225</b>     | <b>98,162</b>    | <b>15,937</b>             |
| <b>EQUALIZATION</b>              |                    |                   |                  |                           |
| Charges for services             | 8,651              | 8,651             | 8,107            | (544)                     |
| <b>REMONUMENTATION PROJECT</b>   |                    |                   |                  |                           |
| Intergovernmental:               |                    |                   |                  |                           |
| State                            | 34,387             | 34,387            | 35,386           | 999                       |
| <b>REGISTER OF DEEDS</b>         |                    |                   |                  |                           |
| Charges for services             | 330,900            | 330,900           | 316,247          | (14,653)                  |
| <b>TREASURER</b>                 |                    |                   |                  |                           |
| Taxes                            | 3,500,000          | 3,500,000         | 3,448,105        | (51,895)                  |
| Licenses and permits             | 7,000              | 7,000             | 6,266            | (734)                     |
| Intergovernmental:               |                    |                   |                  |                           |
| Federal                          | 60,000             | 60,000            | 98,162           | 38,162                    |
| State                            | 1,014,074          | 1,014,074         | 622,393          | (391,681)                 |
| Charges for services             | 13,100             | 13,100            | 11,899           | (1,201)                   |
| Interest                         | 65,000             | 65,000            | 28,208           | (36,792)                  |
| Reimbursements and refunds       | 257,000            | 257,000           | 230,298          | (26,702)                  |
| <b>TOTAL TREASURER</b>           | <b>4,916,174</b>   | <b>4,916,174</b>  | <b>4,445,331</b> | <b>(470,843)</b>          |

**IOSCO COUNTY, MICHIGAN  
GENERAL FUND  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2004**

|  | ORIGINAL<br>BUDGET | AMENDED<br>BUDGET | ACTUAL       | OVER<br>(UNDER)<br>BUDGET |
|--|--------------------|-------------------|--------------|---------------------------|
| COMPUTER FACILITY                          |                    |                   |              |                           |
| Charges for services                       | 21,000             | 21,000            | 20,100       | (900)                     |
| COOPERATIVE EXTENSION                      |                    |                   |              |                           |
| Intergovernmental:                         |                    |                   |              |                           |
| State - MDA                                | 14,822             | 14,822            | 4,335        | (10,487)                  |
| State - Sea                                | 14,915             | 14,915            | -            | (14,915)                  |
| State - Soil                               | 2,000              | 2,000             | 2,811        | 811                       |
| TOTAL COOPERATIVE EXTENSION                | 31,737             | 31,737            | 7,146        | (24,591)                  |
| SHERIFF                                    |                    |                   |              |                           |
| Licenses and permits                       | 7,500              | 7,500             | 8,825        | 1,325                     |
| Charges for services                       | 33,250             | 33,250            | 65,133       | 31,883                    |
| TOTAL SHERIFF                              | 40,750             | 40,750            | 73,958       | 33,208                    |
| MARINE SAFETY                              |                    |                   |              |                           |
| Intergovernmental:                         |                    |                   |              |                           |
| State                                      | 36,200             | 36,200            | 14,211       | (21,989)                  |
| Other                                      | 1,200              | 1,200             | 921          | (279)                     |
| TOTAL MARINE SAFETY                        | 37,400             | 37,400            | 15,132       | (22,268)                  |
| JAIL                                       |                    |                   |              |                           |
| Charges for services                       | 107,500            | 107,500           | 99,154       | (8,346)                   |
| EMERGENCY SERVICES                         |                    |                   |              |                           |
| Intergovernmental:                         |                    |                   |              |                           |
| Federal                                    | 10,300             | 10,300            | 89,861       | 79,561                    |
| State                                      | -                  | -                 | -            | -                         |
| TOTAL EMERGENCY SERVICES                   | 10,300             | 10,300            | 89,861       | 79,561                    |
| ANIMAL SHELTER                             |                    |                   |              |                           |
| Charges for services                       | 8,500              | 8,500             | 8,924        | 424                       |
| ANIMAL CONTROL                             |                    |                   |              |                           |
| Charges for services                       | 1,300              | 1,300             | 1,352        | 52                        |
| PUBLIC WORKS                               |                    |                   |              |                           |
| Charges for services                       | 1,500              | 1,500             | 1,500        | -                         |
| TOTAL REVENUES                             | 6,379,636          | 6,379,636         | 6,006,987    | (372,649)                 |
| OTHER FINANCING SOURCES                    |                    |                   |              |                           |
| Note proceeds                              | -                  | -                 | 44,100       | 44,100                    |
| Transfer in                                | 300,000            | 300,000           | 584,489      | 284,489                   |
| TOTAL OTHER FINANCING SOURCES              | 300,000            | 300,000           | 628,589      | 328,589                   |
| TOTAL REVENUES AND OTHER FINANCING SOURCES | \$ 6,679,636       | \$ 6,679,636      | \$ 6,635,576 | \$ (44,060)               |

**IOSCO COUNTY, MICHIGAN  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2004**

|                                      | ORIGINAL<br>BUDGET | AMENDED<br>BUDGET | ACTUAL     | OVER<br>(UNDER)<br>BUDGET |
|--------------------------------------|--------------------|-------------------|------------|---------------------------|
| LEGISLATIVE                          |                    |                   |            |                           |
| Board of Commissioners               | \$ 115,311         | \$ 115,311        | \$ 116,246 | \$ 935                    |
| JUDICIAL                             |                    |                   |            |                           |
| Circuit Court                        | 453,931            | 453,931           | 425,284    | (28,647)                  |
| District Court                       | 470,807            | 470,807           | 477,063    | 6,256                     |
| Probate Court                        | 461,052            | 461,052           | 442,211    | (18,841)                  |
| Decisions to action                  | 66,000             | 66,000            | 60,059     | (5,941)                   |
| Jury Commission                      | 5,300              | 5,300             | 5,997      | 697                       |
| TOTAL JUDICIAL                       | 1,457,090          | 1,457,090         | 1,410,614  | (46,476)                  |
| GENERAL GOVERNMENT                   |                    |                   |            |                           |
| County memberships                   | 6,437              | 6,437             | 6,172      | (265)                     |
| Elections                            | 30,520             | 30,520            | 17,238     | (13,282)                  |
| County counsel                       | 25,000             | 25,000            | 25,005     | 5                         |
| County clerk                         | 320,570            | 320,570           | 312,698    | (7,872)                   |
| Equalization department              | 177,436            | 177,436           | 176,934    | (502)                     |
| Prosecuting attorney                 | 234,115            | 234,115           | 236,034    | 1,919                     |
| Cooperative reimbursement program    | 45,068             | 45,068            | 42,128     | (2,940)                   |
| Register of deeds                    | 196,612            | 196,612           | 197,980    | 1,368                     |
| Remonumentation project              | 34,387             | 34,387            | 35,386     | 999                       |
| County treasurer                     | 212,816            | 212,816           | 210,993    | (1,823)                   |
| Cooperative extension service        | 146,674            | 146,674           | 135,433    | (11,241)                  |
| Computer facility                    | 111,317            | 111,317           | 109,456    | (1,861)                   |
| County building and grounds          | 631,184            | 631,184           | 476,780    | (154,404)                 |
| Drain Commissioner                   | 63,360             | 63,360            | 61,331     | (2,029)                   |
| Planning Commission                  | 3,653              | 3,653             | 2,076      | (1,577)                   |
| Soil conservation                    | 8,260              | 8,260             | 8,260      | -                         |
| MERS contribution                    | 297,962            | 297,962           | 288,031    | (9,931)                   |
| Miscellaneous                        | 35,650             | 35,650            | 58,372     | 22,722                    |
| TOTAL GENERAL GOVERNMENT             | 2,581,021          | 2,581,021         | 2,400,307  | (180,714)                 |
| PUBLIC SAFETY                        |                    |                   |            |                           |
| Sheriff department                   | 311,133            | 311,133           | 318,876    | 7,743                     |
| Cooperative extension - Marine agent | 14,915             | 14,915            | 15,063     | 148                       |
| Department of corrections            | 250                | 250               | 250        | -                         |
| Jail                                 | 992,904            | 992,904           | 1,127,742  | 134,838                   |
| Emergency services office            | 3,525              | 3,525             | 89,460     | 85,935                    |
| Animal control                       | 61,032             | 61,032            | 58,076     | (2,956)                   |
| Animal shelter                       | 68,633             | 68,633            | 74,317     | 5,684                     |
| Local emergency planning             | 1,750              | 1,750             | 791        | (959)                     |
| Marine safety                        | 42,952             | 42,952            | 26,982     | (15,970)                  |
| TOTAL PUBLIC SAFETY                  | 1,497,094          | 1,497,094         | 1,711,557  | 214,463                   |

**IOSCO COUNTY, MICHIGAN  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2004**

|   | ORIGINAL<br>BUDGET | AMENDED<br>BUDGET | ACTUAL       | OVER<br>(UNDER)<br>BUDGET |
|---|--------------------|-------------------|--------------|---------------------------|
| PUBLIC WORKS                                |                    |                   |              |                           |
| Department of Public Works                  | \$ 1,500           | \$ 1,500          | \$ 1,292     | \$ (208)                  |
| HEALTH AND WELFARE                          |                    |                   |              |                           |
| District health                             | 206,503            | 206,503           | 177,602      | (28,901)                  |
| Mental Health                               | 69,070             | 69,070            | 69,070       | -                         |
| Substance Abuse Agency                      | 72,364             | 72,364            | 70,484       | (1,880)                   |
| Medical examiner                            | 19,500             | 19,500            | 14,320       | (5,180)                   |
| Veterans burials and foundations            | 7,500              | 7,500             | 6,160        | (1,340)                   |
| Veterans counselor                          | 12,224             | 12,224            | 8,455        | (3,769)                   |
| TOTAL HEALTH AND WELFARE                    | 387,161            | 387,161           | 346,091      | (41,070)                  |
| CULTURE AND RECREATION                      |                    |                   |              |                           |
| Parks and Recreations Board                 | 5,250              | 5,250             | 4,918        | (332)                     |
| CAPITAL OUTLAY                              | 62,583             | 62,583            | 89,276       | 26,693                    |
| OTHER                                       | 73,234             | 73,234            | 16,785       | (56,449)                  |
| DEBT SERVICE                                |                    |                   |              |                           |
| Principal                                   | -                  | -                 | 141,838      | 141,838                   |
| Interest                                    | -                  | -                 | 27,704       | 27,704                    |
| TOTAL DEBT SERVICE                          | -                  | -                 | 169,542      | 169,542                   |
| TOTAL EXPENDITURES                          | 6,180,244          | 6,180,244         | 6,266,628    | 86,384                    |
| TRANSFERS OUT                               |                    |                   |              |                           |
| Building Authority                          | -                  | -                 | 58           | 58                        |
| Probate Guardian                            | 15,000             | 15,000            | 7,500        | (7,500)                   |
| Public Safety Building                      | 3,607              | 3,607             | 7,316        | 3,709                     |
| Airport                                     | 28,740             | 28,740            | 15,000       | (13,740)                  |
| Crime Victims                               | 7,779              | 7,779             | 7,778        | (1)                       |
| Wraparound Coordinator                      | 20,770             | 20,770            | 33,423       | 12,653                    |
| Child Care                                  | 422,000            | 422,000           | 422,000      | -                         |
| Law Library                                 | 1,500              | 1,500             | 2,320        | 820                       |
| TOTAL TRANSFERS OUT                         | 499,396            | 499,396           | 495,395      | (4,001)                   |
| TOTAL EXPENDITURES AND OTHER FINANCING USES | \$ 6,679,640       | \$ 6,679,640      | \$ 6,762,023 | \$ 82,383                 |

**IOSCO COUNTY, MICHIGAN  
COMBINED BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2004**

|  | Special<br>Revenue<br>Funds | Debt<br>Service     | Capital<br>Projects<br>Funds | Total<br>Nonmajor<br>Governmental<br>Funds |
|--|-----------------------------|---------------------|------------------------------|--|
| <u>ASSETS</u>                            |                             |                     |                              |  |
| Cash and cash equivalents                | \$ 2,357,339                | \$ 229,691          | \$ 36,014                    | \$ 2,623,044                               |
| Investments                              | 80,000                      | -                   | -                            | 80,000                                     |
| Taxes receivable                         | -                           | 317,099             | -                            | 317,099                                    |
| Loans receivable                         | 481,888                     | 2,886,000           | -                            | 3,367,888                                  |
| Interest receivable                      | 1,480                       | -                   | -                            | 1,480                                      |
| Accounts receivable                      | 78,951                      | -                   | -                            | 78,951                                     |
| Due from other funds                     | 1,531,603                   | 263                 | -                            | 1,531,866                                  |
| Due from State                           | 287,686                     | -                   | -                            | 287,686                                    |
| <b>TOTAL ASSETS</b>                      | <b>\$ 4,818,947</b>         | <b>\$ 3,433,053</b> | <b>\$ 36,014</b>             | <b>\$ 8,288,014</b>                        |
| <u>LIABILITIES AND FUND EQUITY</u>       |                             |                     |                              |  |
| <b>LIABILITIES</b>                       |                             |                     |                              |  |
| Accounts payable                         | \$ 110,197                  | \$ -                | \$ -                         | \$ 110,197                                 |
| Accrued liabilities and advances         | 18,526                      | -                   | -                            | 18,526                                     |
| Due to other funds                       | 564,347                     | 263                 | -                            | 564,610                                    |
| Deferred revenue                         | 482,888                     | 3,203,099           | 9,528                        | 3,695,515                                  |
| <b>TOTAL LIABILITIES</b>                 | <b>1,175,958</b>            | <b>3,203,362</b>    | <b>9,528</b>                 | <b>4,388,848</b>                           |
| <b>FUND EQUITY</b>                       |                             |                     |                              |  |
| Fund balances:                           |                             |                     |                              |  |
| Reserved                                 | 267,849                     | 229,691             | 26,486                       | 524,026                                    |
| Unreserved:                              |                             |                     |                              |  |
| Undesignated                             | 3,375,140                   | -                   | -                            | 3,375,140                                  |
| <b>TOTAL FUND BALANCE</b>                | <b>3,642,989</b>            | <b>229,691</b>      | <b>26,486</b>                | <b>3,899,166</b>                           |
| <b>TOTAL LIABILITIES AND FUND EQUITY</b> | <b>\$ 4,818,947</b>         | <b>\$ 3,433,053</b> | <b>\$ 36,014</b>             | <b>\$ 8,288,014</b>                        |

**IOSCO COUNTY, MICHIGAN**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

|   | SPECIAL<br>REVENUE | DEBT<br>SERVICE  | CAPITAL<br>PROJECTS | TOTAL            |
|---|--------------------|------------------|---------------------|------------------|
| REVENUES                                    |                    |                  |                     |                  |
| Taxes                                       | \$ 1,232,369       | \$ 295,839       | \$ -                | \$ 1,528,208     |
| Licenses and permits                        | 396,329            | -                | -                   | 396,329          |
| Intergovernmental:                          |                    |                  |                     |                  |
| Federal grants                              | 552,413            | -                | -                   | 552,413          |
| State grants                                | 1,020,794          | 2,649            | -                   | 1,023,443        |
| Contributions from local units              | 84,561             | 1,113,510        | -                   | 1,198,071        |
| Charges for services                        | 813,605            | -                | -                   | 813,605          |
| Fines and forfeits                          | 3,500              | -                | -                   | 3,500            |
| Interest                                    | 21,439             | -                | 87                  | 21,526           |
| Reimbursements and refunds                  | 327,723            | -                | -                   | 327,723          |
| Other                                       | -                  | 2,811            | -                   | 2,811            |
| <b>TOTAL REVENUES</b>                       | <b>4,452,733</b>   | <b>1,414,809</b> | <b>87</b>           | <b>5,867,629</b> |
| EXPENDITURES                                |                    |                  |                     |                  |
| Judicial                                    | 658,564            | -                | -                   | 658,564          |
| General government                          | 102,751            | -                | -                   | 102,751          |
| Public safety                               | 1,029,147          | -                | -                   | 1,029,147        |
| Public works                                | -                  | -                | 2,724               | 2,724            |
| Health and welfare                          | 1,179,547          | -                | -                   | 1,179,547        |
| Culture and recreation                      | 26,141             | -                | -                   | 26,141           |
| Capital outlay                              | 660,230            | -                | -                   | 660,230          |
| Other                                       | -                  | 47               | -                   | 47               |
| Debt service - principal                    | 22,669             | 999,000          | -                   | 1,021,669        |
| Debt service - interest and charges         | 8,539              | 325,960          | -                   | 334,499          |
| <b>TOTAL EXPENDITURES</b>                   | <b>3,687,588</b>   | <b>1,325,007</b> | <b>2,724</b>        | <b>5,015,319</b> |
| REVENUES OVER (UNDER) EXPENDITURES          | 765,145            | 89,802           | (2,637)             | 852,310          |
| OTHER FINANCING SOURCES (USES)              |                    |                  |                     |                  |
| Transfers in                                | 540,641            | 47               | -                   | 540,688          |
| Transfers (out)                             | (294,232)          | -                | -                   | (294,232)        |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b> | <b>246,409</b>     | <b>47</b>        | <b>-</b>            | <b>246,456</b>   |
| NET CHANGE IN FUND BALANCES                 | 1,011,554          | 89,849           | (2,637)             | 1,098,766        |
| FUND BALANCES, BEGINNING OF YEAR            | 2,631,435          | 139,842          | 29,123              | 2,800,400        |
| FUND BALANCES, END OF YEAR                  | \$ 3,642,989       | \$ 229,691       | \$ 26,486           | \$ 3,899,166     |

**IOSCO COUNTY, MICHIGAN  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2004**

|  | COUNTY<br>PARK<br>FUND | E-911             | PUBLIC<br>SAFETY<br>BUILDING | E911<br>WIRELESS  |
|--|------------------------|-------------------|------------------------------|-------------------|
| <u>ASSETS</u>                            |                        |                   |                              |                   |
| Cash and cash equivalents                | \$ -                   | \$ 330,994        | \$ 42,873                    | \$ 215,589        |
| Investments - cash equivalents           | -                      | -                 | -                            | -                 |
| Loan receivable                          | -                      | -                 | -                            | -                 |
| Interest receivable                      | -                      | -                 | -                            | -                 |
| Accounts receivable                      | -                      | 54,510            | -                            | -                 |
| Due from other funds                     | -                      | -                 | -                            | -                 |
| Due from State                           | -                      | -                 | -                            | 24,167            |
| <u>TOTAL ASSETS</u>                      | <u>\$ -</u>            | <u>\$ 385,504</u> | <u>\$ 42,873</u>             | <u>\$ 239,756</u> |
| <u>LIABILITIES AND FUND EQUITY</u>       |                        |                   |                              |                   |
| LIABILITIES                              |                        |                   |                              |                   |
| Accounts payable                         | \$ -                   | \$ 5,966          | \$ 1,115                     | \$ 143            |
| Accrued liabilities and advances         | -                      | 6,319             | -                            | 515               |
| Due to other funds                       | -                      | 754               | -                            | -                 |
| Deferred revenue                         | -                      | -                 | -                            | -                 |
| TOTAL LIABILITIES                        | -                      | 13,039            | 1,115                        | 658               |
| FUND EQUITY                              |                        |                   |                              |                   |
| Fund balances:                           |                        |                   |                              |                   |
| Reserved                                 | -                      | -                 | -                            | -                 |
| Unreserved:                              |                        |                   |                              |                   |
| Undesignated (deficit)                   | -                      | 372,465           | 41,758                       | 239,098           |
| TOTAL FUND BALANCES                      | -                      | 372,465           | 41,758                       | 239,098           |
| <u>TOTAL LIABILITIES AND FUND EQUITY</u> | <u>\$ -</u>            | <u>\$ 385,504</u> | <u>\$ 42,873</u>             | <u>\$ 239,756</u> |

| MEDICAL<br>SUPPORT | FRIEND<br>OF THE<br>COURT | PROBATE<br>GUARDIAN<br>FUND | MICHIGAN<br>WORKS - 7B | INTENSIVE<br>COMMUNITY<br>TREATMENT | MICHIGAN<br>WORKS -<br>WARRANT OFFICER | MARRIAGE<br>COUNSELING |
|--------------------|---------------------------|-----------------------------|------------------------|-------------------------------------|--|------------------------|
| \$ -               | \$ -                      | \$ 26,546                   | \$ -                   | \$ -                                | \$ -                                   | \$ 44,692              |
| -                  | -                         | -                           | -                      | -                                   | -                                      | -                      |
| -                  | -                         | -                           | -                      | -                                   | -                                      | -                      |
| -                  | -                         | -                           | -                      | -                                   | -                                      | -                      |
| -                  | 18,653                    | -                           | -                      | -                                   | -                                      | -                      |
| 11                 | -                         | 3,150                       | -                      | 16,377                              | -                                      | -                      |
| 9,763              | 130,235                   | -                           | -                      | 32,942                              | -                                      | -                      |
| \$ 9,774           | \$ 148,888                | \$ 29,696                   | \$ -                   | \$ 49,319                           | \$ -                                   | \$ 44,692              |

|          |            |           |      |           |      |           |
|----------|------------|-----------|------|-----------|------|-----------|
| \$ 166   | \$ 1,156   | \$ 1,190  | \$ - | \$ 537    | \$ - | \$ 191    |
| -        | 6,793      | -         | -    | 1,724     | -    | -         |
| 9,608    | 134,725    | -         | -    | 47,058    | -    | -         |
| -        | -          | -         | -    | -         | -    | -         |
| 9,774    | 142,674    | 1,190     | -    | 49,319    | -    | 191       |
| -        | -          | -         | -    | -         | -    | -         |
| -        | 6,214      | 28,506    | -    | -         | -    | 44,501    |
| -        | 6,214      | 28,506    | -    | -         | -    | 44,501    |
| \$ 9,774 | \$ 148,888 | \$ 29,696 | \$ - | \$ 49,319 | \$ - | \$ 44,692 |

continued



**IOSCO COUNTY, MICHIGAN**  
**COMBINING BALANCE SHEET (CONTINUED)**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**DECEMBER 31, 2004**

|  | GYPSY<br>MOTH    | BUILDING<br>AND SAFETY | OUIL<br>RESTITUTION | REGISTER<br>OF DEEDS<br>TECHNOLOGY |
|--|------------------|------------------------|---------------------|------------------------------------|
| <u>ASSETS</u>                            |                  |                        |                     |                                    |
| Cash and cash equivalents                | \$ 60,313        | \$ 268,177             | \$ 6,927            | \$ 53,355                          |
| Investments - cash equivalents           | -                | -                      | -                   | -                                  |
| Loan receivable                          | -                | -                      | -                   | -                                  |
| Interest receivable                      | -                | -                      | -                   | -                                  |
| Accounts receivable                      | -                | -                      | -                   | -                                  |
| Due from other funds                     | -                | -                      | -                   | 359                                |
| Due from State                           | -                | -                      | -                   | -                                  |
| <u>TOTAL ASSETS</u>                      | <u>\$ 60,313</u> | <u>\$ 268,177</u>      | <u>\$ 6,927</u>     | <u>\$ 53,714</u>                   |
| <u>LIABILITIES AND FUND EQUITY</u>       |                  |                        |                     |                                    |
| LIABILITIES                              |                  |                        |                     |                                    |
| Accounts payable                         | \$ -             | \$ 3,869               | \$ -                | \$ -                               |
| Accrued liabilities and advances         | -                | 3,941                  | 99                  | -                                  |
| Due to other funds                       | -                | -                      | -                   | -                                  |
| Deferred revenue                         | -                | -                      | -                   | -                                  |
| <u>TOTAL LIABILITIES</u>                 | <u>-</u>         | <u>7,810</u>           | <u>99</u>           | <u>-</u>                           |
| FUND EQUITY                              |                  |                        |                     |                                    |
| Fund balances:                           |                  |                        |                     |                                    |
| Reserved                                 | -                | -                      | -                   | -                                  |
| Unreserved:                              |                  |                        |                     |                                    |
| Undesignated (deficit)                   | 60,313           | 260,367                | 6,828               | 53,714                             |
| <u>TOTAL FUND BALANCES</u>               | <u>60,313</u>    | <u>260,367</u>         | <u>6,828</u>        | <u>53,714</u>                      |
| <u>TOTAL LIABILITIES AND FUND EQUITY</u> | <u>\$ 60,313</u> | <u>\$ 268,177</u>      | <u>\$ 6,927</u>     | <u>\$ 53,714</u>                   |

| DISASTER<br>CONTINGENCY<br>FUND | CRIME VICTIMS<br>RIGHTS<br>FUND | LOCAL<br>CORRECTIONAL<br>TRAINING | DRUG<br>ENFORCEMENT | LAW<br>LIBRARY<br>FUND | TRAIL<br>GROOMING | MSHDA<br>FUND | ICHRRLP<br>FUND |
|---------------------------------|---------------------------------|-----------------------------------|---------------------|------------------------|-------------------|---------------|-----------------|
| \$ 557                          | \$ -                            | \$ 3,207                          | \$ 5,909            | \$ 2,980               | \$ 800            | \$ 41,604     | \$ 158,407      |
| -                               | -                               | -                                 | -                   | -                      | -                 | -             | 80,000          |
| -                               | -                               | -                                 | -                   | -                      | -                 | 17,237        | 83,520          |
| -                               | -                               | -                                 | -                   | -                      | -                 | -             | 1,480           |
| -                               | -                               | -                                 | -                   | 1,750                  | -                 | -             | -               |
| -                               | 3,980                           | -                                 | -                   | 2,320                  | -                 | 1,000         | 20,145          |
| -                               | 827                             | -                                 | -                   | -                      | 55,802            | 20,145        | -               |
| \$ 557                          | \$ 4,807                        | \$ 3,207                          | \$ 5,909            | \$ 7,050               | \$ 56,602         | \$ 79,986     | \$ 343,552      |
| \$ -                            | \$ 2                            | \$ 489                            | \$ -                | \$ 7,050               | \$ 1,291          | \$ 19,511     | \$ 22,444       |
| -                               | 247                             | -                                 | -                   | -                      | -                 | 442           | (1,554)         |
| -                               | 4,558                           | -                                 | -                   | -                      | -                 | 20,145        | 1,000           |
| -                               | -                               | -                                 | -                   | -                      | -                 | 18,237        | 83,520          |
| -                               | 4,807                           | 489                               | -                   | 7,050                  | 1,291             | 58,335        | 105,410         |
| -                               | -                               | -                                 | -                   | -                      | -                 | 21,651        | 238,142         |
| 557                             | -                               | 2,718                             | 5,909               | -                      | 55,311            | -             | -               |
| 557                             | -                               | 2,718                             | 5,909               | -                      | 55,311            | 21,651        | 238,142         |
| \$ 557                          | \$ 4,807                        | \$ 3,207                          | \$ 5,909            | \$ 7,050               | \$ 56,602         | \$ 79,986     | \$ 343,552      |

continued

**IOSCO COUNTY, MICHIGAN  
COMBINING BALANCE SHEET (CONTINUED)  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2004**

|  | JAIBG            | MICHIGAN<br>JUSTICE<br>TRAINING | FAMILY<br>INDEPENDENCE<br>AGENCY | CHILD<br>CARE<br>FUND | VETERANS<br>RELIEF<br>FUND |
|--|------------------|---------------------------------|----------------------------------|-----------------------|----------------------------|
| <u>ASSETS</u>                            |                  |                                 |                                  |                       |                            |
| Cash and cash equivalents                | \$ -             | \$ 6,652                        | \$ 19,864                        | \$ -                  | \$ -                       |
| Investments - cash equivalents           | -                | -                               | -                                | -                     | -                          |
| Loan receivable                          | -                | -                               | -                                | -                     | -                          |
| Interest receivable                      | -                | -                               | -                                | -                     | -                          |
| Accounts receivable                      | -                | -                               | -                                | -                     | -                          |
| Due from other funds                     | -                | -                               | -                                | -                     | 178                        |
| Due from State                           | 10,309           | -                               | -                                | 3,496                 | -                          |
| <u>TOTAL ASSETS</u>                      | <u>\$ 10,309</u> | <u>\$ 6,652</u>                 | <u>\$ 19,864</u>                 | <u>\$ 3,496</u>       | <u>\$ 178</u>              |
| <u>LIABILITIES AND FUND EQUITY</u>       |                  |                                 |                                  |                       |                            |
| LIABILITIES                              |                  |                                 |                                  |                       |                            |
| Accounts payable                         | \$ 1,961         | \$ -                            | \$ -                             | \$ 33,239             | \$ -                       |
| Accrued liabilities and advances         | -                | -                               | -                                | -                     | -                          |
| Due to other funds                       | 6,463            | -                               | -                                | 38,728                | 178                        |
| Deferred revenue                         | -                | -                               | -                                | -                     | -                          |
| <u>TOTAL LIABILITIES</u>                 | <u>8,424</u>     | <u>-</u>                        | <u>-</u>                         | <u>71,967</u>         | <u>178</u>                 |
| FUND EQUITY                              |                  |                                 |                                  |                       |                            |
| Fund balances:                           |                  |                                 |                                  |                       |                            |
| Reserved                                 | -                | 6,652                           | -                                | -                     | -                          |
| Unreserved:                              |                  |                                 |                                  |                       |                            |
| Undesignated (deficit)                   | 1,885            | -                               | 19,864                           | (68,471)              | -                          |
| <u>TOTAL FUND BALANCES (deficit)</u>     | <u>1,885</u>     | <u>6,652</u>                    | <u>19,864</u>                    | <u>(68,471)</u>       | <u>-</u>                   |
| <u>TOTAL LIABILITIES AND FUND EQUITY</u> | <u>\$ 10,309</u> | <u>\$ 6,652</u>                 | <u>\$ 19,864</u>                 | <u>\$ 3,496</u>       | <u>\$ 178</u>              |

| VETERANS<br>TRUST<br>FUND | COUNTY<br>AIRPORT<br>FUND | PLAT BOOK<br>REVOLVING<br>FUND | EDC<br>ADMINISTRATION | BUILDING<br>IMPROVEMENT<br>FUND | ECONOMIC<br>REVOLVING<br>LOAN FUND | REVENUE<br>SHARING<br>RESERVE | TOTAL        |
|---------------------------|---------------------------|--------------------------------|-----------------------|---------------------------------|------------------------------------|-------------------------------|--------------|
| \$ 964                    | \$ -                      | \$ 13,340                      | \$ 8,500              | \$ 961,845                      | \$ 83,244                          | \$ -                          | \$ 2,357,339 |
| -                         | -                         | -                              | -                     | -                               | -                                  | -                             | 80,000       |
| -                         | -                         | -                              | -                     | -                               | 381,131                            | -                             | 481,888      |
| -                         | -                         | -                              | -                     | -                               | -                                  | -                             | 1,480        |
| -                         | 4,038                     | -                              | -                     | -                               | -                                  | -                             | 78,951       |
| -                         | 5,270                     | -                              | -                     | 246,444                         | -                                  | 1,232,369                     | 1,531,603    |
| -                         | -                         | -                              | -                     | -                               | -                                  | -                             | 287,686      |
| \$ 964                    | \$ 9,308                  | \$ 13,340                      | \$ 8,500              | \$ 1,208,289                    | \$ 464,375                         | \$ 1,232,369                  | \$ 4,818,947 |
| \$ 100                    | \$ 577                    | \$ 9,200                       | \$ -                  | \$ -                            | \$ -                               | \$ -                          | \$ 110,197   |
| -                         | -                         | -                              | -                     | -                               | -                                  | -                             | 18,526       |
| 178                       | 8,013                     | -                              | 8,500                 | -                               | -                                  | 284,439                       | 564,347      |
| -                         | -                         | -                              | -                     | -                               | 381,131                            | -                             | 482,888      |
| 278                       | 8,590                     | 9,200                          | 8,500                 | -                               | 381,131                            | 284,439                       | 1,175,958    |
| 686                       | 718                       | -                              | -                     | -                               | -                                  | -                             | 267,849      |
| -                         | -                         | 4,140                          | -                     | 1,208,289                       | 83,244                             | 947,930                       | 3,375,140    |
| 686                       | 718                       | 4,140                          | -                     | 1,208,289                       | 83,244                             | 947,930                       | 3,642,989    |
| \$ 964                    | \$ 9,308                  | \$ 13,340                      | \$ 8,500              | \$ 1,208,289                    | \$ 464,375                         | \$ 1,232,369                  | \$ 4,818,947 |

**IOSCO COUNTY, MICHIGAN  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2004**

|   | County Park Fund   |                   |        |                           |
|---|--------------------|-------------------|--------|---------------------------|
|   | Original<br>Budget | Amended<br>Budget | Actual | Over<br>(Under)<br>Budget |
| <b>REVENUES</b>                             |                    |                   |        |                           |
| Taxes                                       | \$ -               | \$ -              | \$ -   | \$ -                      |
| Licenses and permits                        | -                  | -                 | -      | -                         |
| Intergovernmental:                          |                    |                   |        |                           |
| Federal grants                              | -                  | -                 | -      | -                         |
| State grants                                | -                  | -                 | -      | -                         |
| Contributions from local units              | -                  | -                 | -      | -                         |
| Charges for services                        | -                  | -                 | -      | -                         |
| Fines and forfeits                          | -                  | -                 | -      | -                         |
| Interest                                    | -                  | -                 | -      | -                         |
| Other                                       | -                  | -                 | -      | -                         |
| <b>TOTAL REVENUES</b>                       | -                  | -                 | -      | -                         |
| <b>EXPENDITURES</b>                         |                    |                   |        |                           |
| Judicial                                    | -                  | -                 | -      | -                         |
| General government                          | -                  | -                 | -      | -                         |
| Public safety                               | -                  | -                 | -      | -                         |
| Health and welfare                          | -                  | -                 | -      | -                         |
| Culture and recreation                      | -                  | -                 | -      | -                         |
| Capital outlay                              | -                  | -                 | -      | -                         |
| Debt service principal                      | -                  | -                 | -      | -                         |
| Debt service interest expense               | -                  | -                 | -      | -                         |
| <b>TOTAL EXPENDITURES</b>                   | -                  | -                 | -      | -                         |
| <b>REVENUES OVER (UNDER) EXPENDITURES</b>   | -                  | -                 | -      | -                         |
| <b>OTHER FINANCING SOURCES (USES)</b>       |                    |                   |        |                           |
| Transfers in                                | -                  | -                 | -      | -                         |
| Transfer (out)                              | -                  | -                 | (50)   | (50)                      |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b> | -                  | -                 | (50)   | (50)                      |
| <b>NET CHANGE IN FUND BALANCES</b>          | -                  | -                 | (50)   | (50)                      |
| <b>FUND BALANCES, BEGINNING OF YEAR</b>     | 50                 | 50                | 50     | -                         |
| <b>FUND BALANCES, END OF YEAR</b>           | \$ 50              | \$ 50             | \$ -   | \$ (50)                   |

| E-911              |                   |            |                           | Public Safety Building |                   |           |                           |
|--------------------|-------------------|------------|---------------------------|------------------------|-------------------|-----------|---------------------------|
| Original<br>Budget | Amended<br>Budget | Actual     | Over<br>(Under)<br>Budget | Original<br>Budget     | Amended<br>Budget | Actual    | Over<br>(Under)<br>Budget |
| \$ -               | \$ -              | \$ -       | \$ -                      | \$ -                   | \$ -              | \$ -      | \$ -                      |
| -                  | -                 | -          | -                         | -                      | -                 | -         | -                         |
| -                  | -                 | -          | -                         | -                      | -                 | -         | -                         |
| -                  | -                 | -          | -                         | -                      | -                 | -         | -                         |
| 629,858            | 629,858           | 607,235    | (22,623)                  | -                      | -                 | -         | -                         |
| -                  | -                 | -          | -                         | -                      | -                 | -         | -                         |
| 1,400              | 1,400             | 2,277      | 877                       | -                      | -                 | -         | -                         |
| 5,810              | 5,810             | 7,007      | 1,197                     | -                      | -                 | -         | -                         |
| 637,068            | 637,068           | 616,519    | (20,549)                  | -                      | -                 | -         | -                         |
| -                  | -                 | -          | -                         | -                      | -                 | -         | -                         |
| -                  | -                 | -          | -                         | -                      | -                 | -         | -                         |
| 601,587            | 601,587           | 583,203    | (18,384)                  | 27,522                 | 27,522            | 18,194    | (9,328)                   |
| -                  | -                 | -          | -                         | -                      | -                 | -         | -                         |
| -                  | -                 | -          | -                         | -                      | -                 | -         | -                         |
| 25,000             | 25,000            | 146        | (24,854)                  | -                      | -                 | -         | -                         |
| -                  | -                 | -          | -                         | -                      | -                 | -         | -                         |
| -                  | -                 | -          | -                         | -                      | -                 | -         | -                         |
| 626,587            | 626,587           | 583,349    | (43,238)                  | 27,522                 | 27,522            | 18,194    | (9,328)                   |
| 10,481             | 10,481            | 33,170     | 22,689                    | (27,522)               | (27,522)          | (18,194)  | 9,328                     |
| -                  | -                 | -          | -                         | 27,522                 | 27,522            | 27,922    | 400                       |
| (8,365)            | (8,365)           | (8,365)    | -                         | -                      | -                 | -         | -                         |
| (8,365)            | (8,365)           | (8,365)    | -                         | 27,522                 | 27,522            | 27,922    | 400                       |
| 2,116              | 2,116             | 24,805     | 22,689                    | -                      | -                 | 9,728     | 9,728                     |
| 347,660            | 347,660           | 347,660    | -                         | 32,030                 | 32,030            | 32,030    | -                         |
| \$ 349,776         | \$ 349,776        | \$ 372,465 | \$ 22,689                 | \$ 32,030              | \$ 32,030         | \$ 41,758 | \$ 9,728                  |

**IOSCO COUNTY, MICHIGAN  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2004**

|   | E-911 Wireless     |                   |                   |                           |
|---|--------------------|-------------------|-------------------|---------------------------|
|   | Original<br>Budget | Amended<br>Budget | Actual            | Over<br>(Under)<br>Budget |
| REVENUES                                    |                    |                   |                   |                           |
| Taxes                                       | \$ -               | \$ -              | \$ -              | \$ -                      |
| Licenses and permits                        | -                  | -                 | -                 | -                         |
| Intergovernmental:                          |                    |                   |                   |                           |
| Federal grants                              | -                  | -                 | -                 | -                         |
| State grants                                | 80,767             | 80,767            | 93,983            | 13,216                    |
| Contributions from local units              | -                  | -                 | -                 | -                         |
| Charges for services                        | 800                | 800               | -                 | (800)                     |
| Fines and forfeits                          | -                  | -                 | -                 | -                         |
| Interest                                    | -                  | -                 | 1,508             | 1,508                     |
| Other                                       | 4,233              | 4,233             | -                 | (4,233)                   |
| <b>TOTAL REVENUES</b>                       | <b>85,800</b>      | <b>85,800</b>     | <b>95,491</b>     | <b>9,691</b>              |
| EXPENDITURES                                |                    |                   |                   |                           |
| Judicial                                    | -                  | -                 | -                 | -                         |
| General government                          | -                  | -                 | -                 | -                         |
| Public safety                               | 72,268             | 72,268            | 57,788            | (14,480)                  |
| Health and welfare                          | -                  | -                 | -                 | -                         |
| Culture and recreation                      | -                  | -                 | -                 | -                         |
| Capital outlay                              | -                  | -                 | -                 | -                         |
| Debt service principal                      | -                  | -                 | -                 | -                         |
| Debt service interest expense               | -                  | -                 | -                 | -                         |
| <b>TOTAL EXPENDITURES</b>                   | <b>72,268</b>      | <b>72,268</b>     | <b>57,788</b>     | <b>(14,480)</b>           |
| <b>REVENUES OVER (UNDER) EXPENDITURES</b>   | <b>13,532</b>      | <b>13,532</b>     | <b>37,703</b>     | <b>24,171</b>             |
| OTHER FINANCING SOURCES (USES)              |                    |                   |                   |                           |
| Transfers in                                | -                  | -                 | -                 | -                         |
| Transfer (out)                              | -                  | -                 | -                 | -                         |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b> | <b>-</b>           | <b>-</b>          | <b>-</b>          | <b>-</b>                  |
| <b>NET CHANGE IN FUND BALANCES</b>          | <b>13,532</b>      | <b>13,532</b>     | <b>37,703</b>     | <b>24,171</b>             |
| <b>FUND BALANCES, BEGINNING OF YEAR</b>     | <b>201,395</b>     | <b>201,395</b>    | <b>201,395</b>    | <b>-</b>                  |
| <b>FUND BALANCES, END OF YEAR</b>           | <b>\$ 214,927</b>  | <b>\$ 214,927</b> | <b>\$ 239,098</b> | <b>\$ 24,171</b>          |

| Medical Support    |                   |        |                           | Friend of the Court |                   |          |                           |
|--------------------|-------------------|--------|---------------------------|---------------------|-------------------|----------|---------------------------|
| Original<br>Budget | Amended<br>Budget | Actual | Over<br>(Under)<br>Budget | Original<br>Budget  | Amended<br>Budget | Actual   | Over<br>(Under)<br>Budget |
| \$ -               | \$ -              | \$ -   | \$ -                      | \$ -                | \$ -              | \$ -     | \$ -                      |
| -                  | -                 | -      | -                         | -                   | -                 | -        | -                         |
| -                  | -                 | 17,345 | 17,345                    | 50,376              | 50,376            | 293,858  | 243,482                   |
| 38,197             | 38,197            | 8,935  | (29,262)                  | 307,239             | 307,239           | 110,701  | (196,538)                 |
| -                  | -                 | -      | -                         | 76,258              | 76,258            | 84,561   | 8,303                     |
| -                  | -                 | -      | -                         | -                   | -                 | -        | -                         |
| -                  | -                 | -      | -                         | -                   | -                 | -        | -                         |
| -                  | -                 | -      | -                         | -                   | -                 | -        | -                         |
| -                  | -                 | -      | -                         | 37,580              | 37,580            | 35,093   | (2,487)                   |
| 38,197             | 38,197            | 26,280 | (11,917)                  | 471,453             | 471,453           | 524,213  | 52,760                    |
| 30,691             | 30,691            | 26,291 | (4,400)                   | 555,457             | 555,457           | 536,918  | (18,539)                  |
| -                  | -                 | -      | -                         | -                   | -                 | -        | -                         |
| -                  | -                 | -      | -                         | -                   | -                 | -        | -                         |
| -                  | -                 | -      | -                         | -                   | -                 | -        | -                         |
| -                  | -                 | -      | -                         | -                   | -                 | -        | -                         |
| -                  | -                 | -      | -                         | -                   | -                 | 11,343   | 11,343                    |
| -                  | -                 | -      | -                         | -                   | -                 | 6,018    | 6,018                     |
| 30,691             | 30,691            | 26,291 | (4,400)                   | 555,457             | 555,457           | 554,279  | (1,178)                   |
| 7,506              | 7,506             | (11)   | (7,517)                   | (84,004)            | (84,004)          | (30,066) | 53,938                    |
| -                  | -                 | 11     | 11                        | 84,003              | 84,003            | -        | (84,003)                  |
| -                  | -                 | -      | -                         | -                   | -                 | -        | -                         |
| -                  | -                 | 11     | 11                        | 84,003              | 84,003            | -        | (84,003)                  |
| 7,506              | 7,506             | -      | (7,506)                   | (1)                 | (1)               | (30,066) | (30,065)                  |
| -                  | -                 | -      | -                         | 36,280              | 36,280            | 36,280   | -                         |
| \$ 7,506           | \$ 7,506          | \$ -   | \$ (7,506)                | \$ 36,279           | \$ 36,279         | \$ 6,214 | \$ (30,065)               |



**IOSCO COUNTY, MICHIGAN  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2004**

|   | Probate Guardian Fund |                   |               |                           |
|---|-----------------------|-------------------|---------------|---------------------------|
|   | Original<br>Budget    | Amended<br>Budget | Actual        | Over<br>(Under)<br>Budget |
| REVENUES                                    |                       |                   |               |                           |
| Taxes                                       | \$ -                  | \$ -              | \$ -          | \$ -                      |
| Licenses and permits                        | -                     | -                 | -             | -                         |
| Intergovernmental:                          |                       |                   |               |                           |
| Federal grants                              | -                     | -                 | -             | -                         |
| State grants                                | -                     | -                 | -             | -                         |
| Contributions from local units              | -                     | -                 | -             | -                         |
| Charges for services                        | 60,000                | 60,000            | 72,401        | 12,401                    |
| Fines and forfeits                          | -                     | -                 | -             | -                         |
| Interest                                    | -                     | -                 | -             | -                         |
| Other                                       | -                     | -                 | -             | -                         |
| <b>TOTAL REVENUES</b>                       | <b>60,000</b>         | <b>60,000</b>     | <b>72,401</b> | <b>12,401</b>             |
| EXPENDITURES                                |                       |                   |               |                           |
| Judicial                                    | 75,000                | 75,000            | 60,974        | (14,026)                  |
| General government                          | -                     | -                 | -             | -                         |
| Public safety                               | -                     | -                 | -             | -                         |
| Health and welfare                          | -                     | -                 | -             | -                         |
| Culture and recreation                      | -                     | -                 | -             | -                         |
| Capital outlay                              | -                     | -                 | -             | -                         |
| Debt service principal                      | -                     | -                 | -             | -                         |
| Debt service Interest expense               | -                     | -                 | -             | -                         |
| <b>TOTAL EXPENDITURES</b>                   | <b>75,000</b>         | <b>75,000</b>     | <b>60,974</b> | <b>(14,026)</b>           |
| REVENUES OVER (UNDER) EXPENDITURES          | (15,000)              | (15,000)          | 11,427        | 26,427                    |
| OTHER FINANCING SOURCES (USES)              |                       |                   |               |                           |
| Transfers in                                | 15,000                | 15,000            | 7,500         | (7,500)                   |
| Transfer (out)                              | -                     | -                 | -             | -                         |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b> | <b>15,000</b>         | <b>15,000</b>     | <b>7,500</b>  | <b>(7,500)</b>            |
| NET CHANGE IN FUND BALANCES                 | -                     | -                 | 18,927        | 18,927                    |
| FUND BALANCES, BEGINNING OF YEAR            | 9,579                 | 9,579             | 9,579         | -                         |
| FUND BALANCES, END OF YEAR                  | \$ 9,579              | \$ 9,579          | \$ 28,506     | \$ 18,927                 |

| Michigan Works - 7B |                   |         |                           | Intensive Community Treatment |                   |          |                           |
|---------------------|-------------------|---------|---------------------------|-------------------------------|-------------------|----------|---------------------------|
| Original<br>Budget  | Amended<br>Budget | Actual  | Over<br>(Under)<br>Budget | Original<br>Budget            | Amended<br>Budget | Actual   | Over<br>(Under)<br>Budget |
| \$ -                | \$ -              | \$ -    | \$ -                      | \$ -                          | \$ -              | \$ -     | \$ -                      |
| -                   | -                 | -       | -                         | -                             | -                 | -        | -                         |
| -                   | -                 | 2,837   | 2,837                     | 90,740                        | 90,740            | 91,970   | 1,230                     |
| -                   | -                 | -       | -                         | -                             | -                 | -        | -                         |
| -                   | -                 | -       | -                         | -                             | -                 | -        | -                         |
| -                   | -                 | -       | -                         | -                             | -                 | -        | -                         |
| -                   | -                 | -       | -                         | -                             | -                 | -        | -                         |
| -                   | -                 | -       | -                         | -                             | -                 | -        | -                         |
| -                   | -                 | -       | -                         | -                             | -                 | -        | -                         |
| -                   | -                 | 2,837   | 2,837                     | 90,740                        | 90,740            | 91,970   | 1,230                     |
| -                   | -                 | 1,637   | 1,637                     | -                             | -                 | -        | -                         |
| -                   | -                 | -       | -                         | -                             | -                 | -        | -                         |
| -                   | -                 | -       | -                         | -                             | -                 | -        | -                         |
| -                   | -                 | -       | -                         | 126,347                       | 126,347           | 125,393  | (954)                     |
| -                   | -                 | -       | -                         | -                             | -                 | -        | -                         |
| -                   | -                 | -       | -                         | -                             | -                 | -        | -                         |
| -                   | -                 | -       | -                         | -                             | -                 | -        | -                         |
| -                   | -                 | -       | -                         | -                             | -                 | -        | -                         |
| -                   | -                 | 1,637   | 1,637                     | 126,347                       | 126,347           | 125,393  | (954)                     |
| -                   | -                 | 1,200   | 1,200                     | (35,607)                      | (35,607)          | (33,423) | 2,184                     |
| -                   | -                 | -       | -                         | 35,608                        | 35,608            | 33,423   | (2,185)                   |
| -                   | -                 | (1,200) | 1,200                     | -                             | -                 | -        | -                         |
| -                   | -                 | (1,200) | 1,200                     | 35,608                        | 35,608            | 33,423   | (2,185)                   |
| -                   | -                 | -       | -                         | 1                             | 1                 | -        | (1)                       |
| -                   | -                 | -       | -                         | -                             | -                 | -        | -                         |
| \$ -                | \$ -              | \$ -    | \$ -                      | \$ 1                          | \$ 1              | \$ -     | (1)                       |

**IOSCO COUNTY, MICHIGAN  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2004**

|   | Michigan Works - Warrant Officer |                   |                |                           |
|---|----------------------------------|-------------------|----------------|---------------------------|
|   | Original<br>Budget               | Amended<br>Budget | Actual         | Over<br>(Under)<br>Budget |
| <b>REVENUES</b>                             |                                  |                   |                |                           |
| Taxes                                       | \$ -                             | \$ -              | \$ -           | \$ -                      |
| Licenses and permits                        | -                                | -                 | -              | -                         |
| Intergovernmental:                          |                                  |                   |                |                           |
| Federal grants                              | 17,242                           | 17,242            | 6,227          | (11,015)                  |
| State grants                                | -                                | -                 | -              | -                         |
| Contributions from local units              | -                                | -                 | -              | -                         |
| Charges for services                        | -                                | -                 | -              | -                         |
| Fines and forfeits                          | -                                | -                 | -              | -                         |
| Interest                                    | -                                | -                 | -              | -                         |
| Other                                       | -                                | -                 | -              | -                         |
| <b>TOTAL REVENUES</b>                       | <b>17,242</b>                    | <b>17,242</b>     | <b>6,227</b>   | <b>(11,015)</b>           |
| <b>EXPENDITURES</b>                         |                                  |                   |                |                           |
| Judicial                                    | 17,242                           | 17,242            | 7,692          | (9,550)                   |
| General government                          | -                                | -                 | -              | -                         |
| Public safety                               | -                                | -                 | -              | -                         |
| Health and welfare                          | -                                | -                 | -              | -                         |
| Culture and recreation                      | -                                | -                 | -              | -                         |
| Capital outlay                              | -                                | -                 | -              | -                         |
| Debt service principal                      | -                                | -                 | -              | -                         |
| Debt service Interest expense               | -                                | -                 | -              | -                         |
| <b>TOTAL EXPENDITURES</b>                   | <b>17,242</b>                    | <b>17,242</b>     | <b>7,692</b>   | <b>(9,550)</b>            |
| <b>REVENUES OVER (UNDER) EXPENDITURES</b>   | <b>-</b>                         | <b>-</b>          | <b>(1,465)</b> | <b>(1,465)</b>            |
| <b>OTHER FINANCING SOURCES (USES)</b>       |                                  |                   |                |                           |
| Transfers in                                | -                                | -                 | 1,200          | 1,200                     |
| Transfer (out)                              | -                                | -                 | -              | -                         |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b> | <b>-</b>                         | <b>-</b>          | <b>1,200</b>   | <b>1,200</b>              |
| <b>NET CHANGE IN FUND BALANCES</b>          | <b>-</b>                         | <b>-</b>          | <b>(265)</b>   | <b>(265)</b>              |
| <b>FUND BALANCES, BEGINNING OF YEAR</b>     | <b>265</b>                       | <b>265</b>        | <b>265</b>     | <b>-</b>                  |
| <b>FUND BALANCES, END OF YEAR</b>           | <b>\$ 265</b>                    | <b>\$ 265</b>     | <b>\$ -</b>    | <b>\$ (265)</b>           |

| Marriage Counseling |                   |           |                           | Gypsy Moth         |                   |           |                           |
|---------------------|-------------------|-----------|---------------------------|--------------------|-------------------|-----------|---------------------------|
| Original<br>Budget  | Amended<br>Budget | Actual    | Over<br>(Under)<br>Budget | Original<br>Budget | Amended<br>Budget | Actual    | Over<br>(Under)<br>Budget |
| \$ -                | \$ -              | \$ -      | \$ -                      | \$ -               | \$ -              | \$ -      | \$ -                      |
| -                   | -                 | -         | -                         | -                  | -                 | -         | -                         |
| -                   | -                 | -         | -                         | -                  | -                 | -         | -                         |
| -                   | -                 | -         | -                         | -                  | -                 | -         | -                         |
| 4,800               | 4,800             | 4,600     | (200)                     | -                  | -                 | -         | -                         |
| -                   | -                 | -         | -                         | -                  | -                 | -         | -                         |
| -                   | -                 | -         | -                         | -                  | -                 | 583       | 583                       |
| -                   | -                 | -         | -                         | -                  | -                 | -         | -                         |
| 4,800               | 4,800             | 4,600     | (200)                     | -                  | -                 | 583       | 583                       |
| -                   | -                 | -         | -                         | -                  | -                 | -         | -                         |
| -                   | -                 | -         | -                         | -                  | -                 | -         | -                         |
| -                   | -                 | -         | -                         | -                  | -                 | -         | -                         |
| 1,000               | 1,000             | 2,682     | 1,682                     | 29,500             | 29,500            | 22,556    | (6,944)                   |
| -                   | -                 | -         | -                         | -                  | -                 | -         | -                         |
| -                   | -                 | -         | -                         | -                  | -                 | -         | -                         |
| -                   | -                 | -         | -                         | -                  | -                 | -         | -                         |
| -                   | -                 | -         | -                         | -                  | -                 | -         | -                         |
| 1,000               | 1,000             | 2,682     | 1,682                     | 29,500             | 29,500            | 22,556    | (6,944)                   |
| 3,800               | 3,800             | 1,918     | (1,882)                   | (29,500)           | (29,500)          | (21,973)  | 7,527                     |
| -                   | -                 | -         | -                         | -                  | -                 | -         | -                         |
| -                   | -                 | -         | -                         | -                  | -                 | -         | -                         |
| -                   | -                 | -         | -                         | -                  | -                 | -         | -                         |
| 3,800               | 3,800             | 1,918     | (1,882)                   | (29,500)           | (29,500)          | (21,973)  | 7,527                     |
| 42,583              | 42,583            | 42,583    | -                         | 82,286             | 82,286            | 82,286    | -                         |
| \$ 46,383           | \$ 46,383         | \$ 44,501 | \$ (1,882)                | \$ 52,786          | \$ 52,786         | \$ 60,313 | \$ 7,527                  |

**IOSCO COUNTY, MICHIGAN**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

|   | Building and Safety |                   |                   |                           |
|---|---------------------|-------------------|-------------------|---------------------------|
|   | Original<br>Budget  | Amended<br>Budget | Actual            | Over<br>(Under)<br>Budget |
| REVENUES                                    |                     |                   |                   |                           |
| Taxes                                       | \$ -                | \$ -              | \$ -              | \$ -                      |
| Licenses and permits                        | 294,000             | 294,000           | 396,329           | 102,329                   |
| Intergovernmental:                          |                     |                   |                   |                           |
| Federal grants                              | -                   | -                 | -                 | -                         |
| State grants                                | -                   | -                 | -                 | -                         |
| Contributions from local units              | -                   | -                 | -                 | -                         |
| Charges for services                        | 8,500               | 8,500             | 30,942            | 22,442                    |
| Fines and forfeits                          | -                   | -                 | -                 | -                         |
| Interest                                    | -                   | -                 | -                 | -                         |
| Other                                       | 100                 | 100               | 81                | (19)                      |
| <b>TOTAL REVENUES</b>                       | <b>302,600</b>      | <b>302,600</b>    | <b>427,352</b>    | <b>124,752</b>            |
| EXPENDITURES                                |                     |                   |                   |                           |
| Judicial                                    | -                   | -                 | -                 | -                         |
| General government                          | -                   | -                 | -                 | -                         |
| Public safety                               | 351,478             | 351,478           | 345,378           | (6,100)                   |
| Health and welfare                          | -                   | -                 | -                 | -                         |
| Culture and recreation                      | -                   | -                 | -                 | -                         |
| Capital outlay                              | 1,300               | 1,300             | 1,300             | -                         |
| Debt service principal                      | -                   | -                 | -                 | -                         |
| Debt service Interest expense               | -                   | -                 | -                 | -                         |
| <b>TOTAL EXPENDITURES</b>                   | <b>352,778</b>      | <b>352,778</b>    | <b>346,678</b>    | <b>(6,100)</b>            |
| <b>REVENUES OVER (UNDER) EXPENDITURES</b>   | <b>(50,178)</b>     | <b>(50,178)</b>   | <b>80,674</b>     | <b>130,852</b>            |
| OTHER FINANCING SOURCES (USES)              |                     |                   |                   |                           |
| Transfers in                                | -                   | -                 | -                 | -                         |
| Transfer (out)                              | -                   | -                 | -                 | -                         |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b> | <b>-</b>            | <b>-</b>          | <b>-</b>          | <b>-</b>                  |
| <b>NET CHANGE IN FUND BALANCES</b>          | <b>(50,178)</b>     | <b>(50,178)</b>   | <b>80,674</b>     | <b>130,852</b>            |
| <b>FUND BALANCES, BEGINNING OF YEAR</b>     | <b>179,693</b>      | <b>179,693</b>    | <b>179,693</b>    | <b>-</b>                  |
| <b>FUND BALANCES, END OF YEAR</b>           | <b>\$ 129,515</b>   | <b>\$ 129,515</b> | <b>\$ 260,367</b> | <b>\$ 130,852</b>         |

| OUIL Restitution   |                   |          |                           | Register of Deeds Technology |                   |           |                           |
|--------------------|-------------------|----------|---------------------------|------------------------------|-------------------|-----------|---------------------------|
| Original<br>Budget | Amended<br>Budget | Actual   | Over<br>(Under)<br>Budget | Original<br>Budget           | Amended<br>Budget | Actual    | Over<br>(Under)<br>Budget |
| \$ -               | \$ -              | \$ -     | \$ -                      | \$ -                         | \$ -              | \$ -      | \$ -                      |
| -                  | -                 | -        | -                         | -                            | -                 | -         | -                         |
| -                  | -                 | -        | -                         | -                            | -                 | -         | -                         |
| -                  | -                 | -        | -                         | -                            | -                 | -         | -                         |
| 12,000             | 12,000            | 17,043   | 5,043                     | 55,000                       | 55,000            | 49,300    | (5,700)                   |
| -                  | -                 | -        | -                         | -                            | -                 | -         | -                         |
| -                  | -                 | -        | -                         | 20                           | 20                | 102       | 82                        |
| -                  | -                 | -        | -                         | -                            | -                 | -         | -                         |
| 12,000             | 12,000            | 17,043   | 5,043                     | 55,020                       | 55,020            | 49,402    | (5,618)                   |
| 12,000             | 12,000            | 15,585   | 3,585                     | -                            | -                 | -         | -                         |
| -                  | -                 | -        | -                         | -                            | 3,265             | 20,886    | 17,621                    |
| -                  | -                 | -        | -                         | -                            | -                 | -         | -                         |
| -                  | -                 | -        | -                         | -                            | -                 | -         | -                         |
| -                  | -                 | -        | -                         | -                            | -                 | -         | -                         |
| -                  | -                 | -        | -                         | -                            | -                 | 3,513     | 3,513                     |
| -                  | -                 | -        | -                         | -                            | -                 | 797       | 797                       |
| 12,000             | 12,000            | 15,585   | 3,585                     | -                            | 3,265             | 25,196    | 21,931                    |
| -                  | -                 | 1,458    | 1,458                     | 55,020                       | 51,755            | 24,206    | (27,549)                  |
| -                  | -                 | -        | -                         | -                            | -                 | -         | -                         |
| -                  | -                 | -        | -                         | -                            | -                 | -         | -                         |
| -                  | -                 | -        | -                         | -                            | -                 | -         | -                         |
| -                  | -                 | 1,458    | 1,458                     | 55,020                       | 51,755            | 24,206    | (27,549)                  |
| 5,370              | 5,370             | 5,370    | -                         | 29,508                       | 29,508            | 29,508    | -                         |
| \$ 5,370           | \$ 5,370          | \$ 6,828 | \$ 1,458                  | \$ 84,528                    | \$ 81,263         | \$ 53,714 | \$ (27,549)               |

**IOSCO COUNTY, MICHIGAN  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2004**

|   | Disaster Contingency Fund |                   |          |                           |
|---|---------------------------|-------------------|----------|---------------------------|
|   | Original<br>Budget        | Amended<br>Budget | Actual   | Over<br>(Under)<br>Budget |
| REVENUES                                    |                           |                   |          |                           |
| Taxes                                       | \$ -                      | \$ -              | \$ -     | \$ -                      |
| Licenses and permits                        | -                         | -                 | -        | -                         |
| Intergovernmental:                          |                           |                   |          |                           |
| Federal grants                              | -                         | -                 | -        | -                         |
| State grants                                | -                         | -                 | -        | -                         |
| Contributions from local units              | -                         | -                 | -        | -                         |
| Charges for services                        | -                         | -                 | -        | -                         |
| Fines and forfeits                          | -                         | -                 | -        | -                         |
| Interest                                    | -                         | -                 | -        | -                         |
| Other                                       | 500                       | 500               | -        | (500)                     |
| <b>TOTAL REVENUES</b>                       | <b>500</b>                | <b>500</b>        | <b>-</b> | <b>(500)</b>              |
| EXPENDITURES                                |                           |                   |          |                           |
| Judicial                                    | -                         | -                 | -        | -                         |
| General government                          | -                         | -                 | -        | -                         |
| Public safety                               | 500                       | 500               | -        | (500)                     |
| Health and welfare                          | -                         | -                 | -        | -                         |
| Culture and recreation                      | -                         | -                 | -        | -                         |
| Capital outlay                              | -                         | -                 | -        | -                         |
| Debt service principal                      | -                         | -                 | -        | -                         |
| Debt service Interest expense               | -                         | -                 | -        | -                         |
| <b>TOTAL EXPENDITURES</b>                   | <b>500</b>                | <b>500</b>        | <b>-</b> | <b>(500)</b>              |
| REVENUES OVER (UNDER) EXPENDITURES          | -                         | -                 | -        | -                         |
| OTHER FINANCING SOURCES (USES)              |                           |                   |          |                           |
| Transfers in                                | -                         | -                 | -        | -                         |
| Transfer (out)                              | -                         | -                 | -        | -                         |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b> | <b>-</b>                  | <b>-</b>          | <b>-</b> | <b>-</b>                  |
| NET CHANGE IN FUND BALANCES                 | -                         | -                 | -        | -                         |
| FUND BALANCES, BEGINNING OF YEAR            | 557                       | 557               | 557      | -                         |
| FUND BALANCES, END OF YEAR                  | \$ 557                    | \$ 557            | \$ 557   | \$ -                      |

| Crime Victims Rights Fund |                   |          |                           | Local Correctional Training Fund |                   |          |                           |
|---------------------------|-------------------|----------|---------------------------|----------------------------------|-------------------|----------|---------------------------|
| Original<br>Budget        | Amended<br>Budget | Actual   | Over<br>(Under)<br>Budget | Original<br>Budget               | Amended<br>Budget | Actual   | Over<br>(Under)<br>Budget |
| \$ -                      | \$ -              | \$ -     | \$ -                      | \$ -                             | \$ -              | \$ -     | \$ -                      |
| -                         | -                 | -        | -                         | -                                | -                 | -        | -                         |
| -                         | -                 | -        | -                         | -                                | -                 | -        | -                         |
| 12,000                    | 12,000            | 12,439   | 439                       | -                                | -                 | -        | -                         |
| -                         | -                 | -        | -                         | -                                | -                 | -        | -                         |
| -                         | -                 | -        | -                         | 1,200                            | 1,200             | 3,776    | 2,576                     |
| -                         | -                 | -        | -                         | -                                | -                 | -        | -                         |
| -                         | -                 | -        | -                         | -                                | -                 | -        | -                         |
| -                         | -                 | -        | -                         | -                                | -                 | -        | -                         |
| 12,000                    | 12,000            | 12,439   | 439                       | 1,200                            | 1,200             | 3,776    | 2,576                     |
| -                         | -                 | -        | -                         | -                                | -                 | -        | -                         |
| -                         | -                 | -        | -                         | -                                | -                 | -        | -                         |
| 19,778                    | 19,778            | 23,526   | 3,748                     | 1,200                            | 1,200             | 1,058    | (142)                     |
| -                         | -                 | -        | -                         | -                                | -                 | -        | -                         |
| -                         | -                 | -        | -                         | -                                | -                 | -        | -                         |
| -                         | -                 | -        | -                         | -                                | -                 | -        | -                         |
| -                         | -                 | -        | -                         | -                                | -                 | -        | -                         |
| -                         | -                 | -        | -                         | -                                | -                 | -        | -                         |
| 19,778                    | 19,778            | 23,526   | 3,748                     | 1,200                            | 1,200             | 1,058    | (142)                     |
| (7,778)                   | (7,778)           | (11,087) | (3,309)                   | -                                | -                 | 2,718    | 2,718                     |
| 7,779                     | 7,779             | 11,087   | 3,308                     | -                                | -                 | -        | -                         |
| -                         | -                 | -        | -                         | -                                | -                 | -        | -                         |
| 7,779                     | 7,779             | 11,087   | 3,308                     | -                                | -                 | -        | -                         |
| 1                         | 1                 | -        | (1)                       | -                                | -                 | 2,718    | 2,718                     |
| -                         | -                 | -        | -                         | -                                | -                 | -        | -                         |
| \$ 1                      | \$ 1              | \$ -     | \$ (1)                    | \$ -                             | \$ -              | \$ 2,718 | \$ 2,718                  |



**IOSCO COUNTY, MICHIGAN  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2004**

|   | Drug Enforcement Fund |                   |              |                           |
|---|-----------------------|-------------------|--------------|---------------------------|
|   | Original<br>Budget    | Amended<br>Budget | Actual       | Over<br>(Under)<br>Budget |
| REVENUES                                    |                       |                   |              |                           |
| Taxes                                       | \$ -                  | \$ -              | \$ -         | \$ -                      |
| Licenses and permits                        | -                     | -                 | -            | -                         |
| Intergovernmental:                          |                       |                   |              |                           |
| Federal grants                              | -                     | -                 | -            | -                         |
| State grants                                | -                     | -                 | -            | -                         |
| Contributions from local units              | -                     | -                 | -            | -                         |
| Charges for services                        | -                     | -                 | -            | -                         |
| Fines and forfeits                          | -                     | -                 | -            | -                         |
| Interest                                    | -                     | -                 | -            | -                         |
| Other                                       | -                     | -                 | 5,909        | 5,909                     |
| <b>TOTAL REVENUES</b>                       | <b>-</b>              | <b>-</b>          | <b>5,909</b> | <b>5,909</b>              |
| EXPENDITURES                                |                       |                   |              |                           |
| Judicial                                    | -                     | -                 | -            | -                         |
| General government                          | -                     | -                 | -            | -                         |
| Public safety                               | -                     | -                 | -            | -                         |
| Health and welfare                          | -                     | -                 | -            | -                         |
| Culture and recreation                      | -                     | -                 | -            | -                         |
| Capital outlay                              | -                     | -                 | -            | -                         |
| Debt service principal                      | -                     | -                 | -            | -                         |
| Debt service Interest expense               | -                     | -                 | -            | -                         |
| <b>TOTAL EXPENDITURES</b>                   | <b>-</b>              | <b>-</b>          | <b>-</b>     | <b>-</b>                  |
| REVENUES OVER (UNDER) EXPENDITURES          | -                     | -                 | 5,909        | 5,909                     |
| OTHER FINANCING SOURCES (USES)              |                       |                   |              |                           |
| Transfers in                                | -                     | -                 | -            | -                         |
| Transfer (out)                              | -                     | -                 | -            | -                         |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b> | <b>-</b>              | <b>-</b>          | <b>-</b>     | <b>-</b>                  |
| NET CHANGE IN FUND BALANCES                 | -                     | -                 | 5,909        | 5,909                     |
| FUND BALANCES, BEGINNING OF YEAR            | -                     | -                 | -            | -                         |
| FUND BALANCES, END OF YEAR                  | \$ -                  | \$ -              | \$ 5,909     | \$ 5,909                  |

| Law Library Fund   |                   |         |                           |
|--------------------|-------------------|---------|---------------------------|
| Original<br>Budget | Amended<br>Budget | Actual  | Over<br>(Under)<br>Budget |
| \$ -               | \$ -              | \$ -    | \$ -                      |
| -                  | -                 | -       | -                         |
| -                  | -                 | -       | -                         |
| -                  | -                 | -       | -                         |
| -                  | -                 | -       | -                         |
| 3,500              | 3,500             | 3,500   | -                         |
| -                  | -                 | -       | -                         |
| -                  | -                 | -       | -                         |
| 3,500              | 3,500             | 3,500   | -                         |
| 5,000              | 5,000             | 9,466   | 4,466                     |
| -                  | -                 | -       | -                         |
| -                  | -                 | -       | -                         |
| -                  | -                 | -       | -                         |
| -                  | -                 | -       | -                         |
| -                  | -                 | -       | -                         |
| -                  | -                 | -       | -                         |
| 5,000              | 5,000             | 9,466   | 4,466                     |
| (1,500)            | (1,500)           | (5,966) | (4,466)                   |
| 1,500              | 1,500             | 2,320   | 820                       |
| -                  | -                 | -       | -                         |
| 1,500              | 1,500             | 2,320   | 820                       |
| -                  | -                 | (3,646) | (3,646)                   |
| 3,646              | 3,646             | 3,646   | -                         |
| \$ 3,646           | \$ 3,646          | \$ -    | \$ (3,646)                |

**IOSCO COUNTY, MICHIGAN**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

|   | Trail Grooming     |                   |                  |                           |
|---|--------------------|-------------------|------------------|---------------------------|
|   | Original<br>Budget | Amended<br>Budget | Actual           | Over<br>(Under)<br>Budget |
| REVENUES                                    |                    |                   |                  |                           |
| Taxes                                       | \$ -               | \$ -              | \$ -             | \$ -                      |
| Licenses and permits                        | -                  | -                 | -                | -                         |
| Intergovernmental:                          |                    |                   |                  |                           |
| Federal grants                              | -                  | -                 | -                | -                         |
| State grants                                | 24,900             | 24,900            | 113,292          | 88,392                    |
| Contributions from local units              | -                  | -                 | -                | -                         |
| Charges for services                        | -                  | -                 | -                | -                         |
| Fines and forfeits                          | -                  | -                 | -                | -                         |
| Interest                                    | -                  | -                 | -                | -                         |
| Other                                       | 85,400             | 85,400            | 1,000            | (84,400)                  |
| <b>TOTAL REVENUES</b>                       | <b>110,300</b>     | <b>110,300</b>    | <b>114,292</b>   | <b>3,992</b>              |
| EXPENDITURES                                |                    |                   |                  |                           |
| Judicial                                    | -                  | -                 | -                | -                         |
| General government                          | -                  | -                 | -                | -                         |
| Public safety                               | -                  | -                 | -                | -                         |
| Health and welfare                          | -                  | -                 | -                | -                         |
| Culture and recreation                      | 20,300             | 20,300            | 26,141           | 5,841                     |
| Capital outlay                              | 94,600             | 94,600            | 30,045           | (64,555)                  |
| Debt service principal                      | -                  | -                 | 7,813            | 7,813                     |
| Debt service Interest expense               | -                  | -                 | 1,724            | 1,724                     |
| <b>TOTAL EXPENDITURES</b>                   | <b>114,900</b>     | <b>114,900</b>    | <b>65,723</b>    | <b>(49,177)</b>           |
| <b>REVENUES OVER (UNDER) EXPENDITURES</b>   | <b>(4,600)</b>     | <b>(4,600)</b>    | <b>48,569</b>    | <b>53,169</b>             |
| OTHER FINANCING SOURCES (USES)              |                    |                   |                  |                           |
| Transfers in                                | -                  | -                 | -                | -                         |
| Transfer (out)                              | -                  | -                 | -                | -                         |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b> | <b>-</b>           | <b>-</b>          | <b>-</b>         | <b>-</b>                  |
| <b>NET CHANGE IN FUND BALANCES</b>          | <b>(4,600)</b>     | <b>(4,600)</b>    | <b>48,569</b>    | <b>53,169</b>             |
| <b>FUND BALANCES, BEGINNING OF YEAR</b>     | <b>6,742</b>       | <b>6,742</b>      | <b>6,742</b>     | <b>-</b>                  |
| <b>FUND BALANCES, END OF YEAR</b>           | <b>\$ 2,142</b>    | <b>\$ 2,142</b>   | <b>\$ 55,311</b> | <b>\$ 53,169</b>          |

| MSHDA Fund         |                   |           |                           | ICHRRLP            |                   |            |                           |
|--------------------|-------------------|-----------|---------------------------|--------------------|-------------------|------------|---------------------------|
| Original<br>Budget | Amended<br>Budget | Actual    | Over<br>(Under)<br>Budget | Original<br>Budget | Amended<br>Budget | Actual     | Over<br>(Under)<br>Budget |
| \$ -               | \$ -              | \$ -      | \$ -                      | \$ -               | \$ -              | \$ -       | \$ -                      |
| -                  | -                 | -         | -                         | -                  | -                 | -          | -                         |
| 210,000            | 210,000           | 106,570   | (103,430)                 | -                  | -                 | -          | -                         |
| -                  | -                 | -         | -                         | -                  | -                 | -          | -                         |
| -                  | -                 | -         | -                         | -                  | -                 | -          | -                         |
| -                  | -                 | -         | -                         | -                  | -                 | -          | -                         |
| -                  | -                 | -         | -                         | 8,000              | 8,000             | 3,582      | (4,418)                   |
| 90,000             | 90,000            | 76,387    | (13,613)                  | 180,000            | 180,000           | 125,386    | (54,614)                  |
| 300,000            | 300,000           | 182,957   | (117,043)                 | 188,000            | 188,000           | 128,968    | (59,032)                  |
| -                  | -                 | -         | -                         | -                  | -                 | -          | -                         |
| -                  | -                 | -         | -                         | -                  | -                 | -          | -                         |
| -                  | -                 | -         | -                         | -                  | -                 | -          | -                         |
| 290,209            | 290,209           | 193,467   | (96,742)                  | 170,000            | 170,000           | 51,807     | (118,193)                 |
| -                  | -                 | -         | -                         | -                  | -                 | -          | -                         |
| -                  | -                 | -         | -                         | -                  | -                 | -          | -                         |
| -                  | -                 | -         | -                         | -                  | -                 | -          | -                         |
| -                  | -                 | -         | -                         | -                  | -                 | -          | -                         |
| 290,209            | 290,209           | 193,467   | (96,742)                  | 170,000            | 170,000           | 51,807     | (118,193)                 |
| 9,791              | 9,791             | (10,510)  | (20,301)                  | 18,000             | 18,000            | 77,161     | 59,161                    |
| -                  | -                 | -         | -                         | -                  | -                 | -          | -                         |
| -                  | -                 | -         | -                         | -                  | -                 | -          | -                         |
| -                  | -                 | -         | -                         | -                  | -                 | -          | -                         |
| 9,791              | 9,791             | (10,510)  | (20,301)                  | 18,000             | 18,000            | 77,161     | 59,161                    |
| 32,161             | 32,161            | 32,161    | -                         | 160,981            | 160,981           | 160,981    | -                         |
| \$ 41,952          | \$ 41,952         | \$ 21,651 | \$ (20,301)               | \$ 178,981         | \$ 178,981        | \$ 238,142 | \$ 59,161                 |

**IOSCO COUNTY, MICHIGAN  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2004**

|   | JAIBG              |                   |               |                           |
|---|--------------------|-------------------|---------------|---------------------------|
|   | Original<br>Budget | Amended<br>Budget | Actual        | Over<br>(Under)<br>Budget |
| REVENUES                                    |                    |                   |               |                           |
| Taxes                                       | \$ -               | \$ -              | \$ -          | \$ -                      |
| Licenses and permits                        | -                  | -                 | -             | -                         |
| Intergovernmental:                          |                    |                   |               |                           |
| Federal grants                              | 62,911             | 62,911            | 33,606        | (29,305)                  |
| State grants                                | 6,990              | 6,990             | 3,733         | (3,257)                   |
| Contributions from local units              | -                  | -                 | -             | -                         |
| Charges for services                        | -                  | -                 | -             | -                         |
| Fines and forfeits                          | -                  | -                 | -             | -                         |
| Interest                                    | -                  | -                 | -             | -                         |
| Other                                       | -                  | -                 | -             | -                         |
| <b>TOTAL REVENUES</b>                       | <b>69,901</b>      | <b>69,901</b>     | <b>37,339</b> | <b>(32,562)</b>           |
| EXPENDITURES                                |                    |                   |               |                           |
| Judicial                                    | -                  | -                 | -             | -                         |
| General government                          | -                  | -                 | -             | -                         |
| Public safety                               | -                  | -                 | -             | -                         |
| Health and welfare                          | 69,901             | 69,901            | 38,082        | (31,819)                  |
| Culture and recreation                      | -                  | -                 | -             | -                         |
| Capital outlay                              | -                  | -                 | -             | -                         |
| Debt service principal                      | -                  | -                 | -             | -                         |
| Debt service Interest expense               | -                  | -                 | -             | -                         |
| <b>TOTAL EXPENDITURES</b>                   | <b>69,901</b>      | <b>69,901</b>     | <b>38,082</b> | <b>(31,819)</b>           |
| REVENUES OVER (UNDER) EXPENDITURES          | -                  | -                 | (743)         | (743)                     |
| OTHER FINANCING SOURCES (USES)              |                    |                   |               |                           |
| Transfers in                                | -                  | -                 | -             | -                         |
| Transfer (out)                              | -                  | -                 | -             | -                         |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b> | <b>-</b>           | <b>-</b>          | <b>-</b>      | <b>-</b>                  |
| NET CHANGE IN FUND BALANCES                 | -                  | -                 | (743)         | (743)                     |
| FUND BALANCES, BEGINNING OF YEAR            | 2,628              | 2,628             | 2,628         | -                         |
| FUND BALANCES, END OF YEAR                  | \$ 2,628           | \$ 2,628          | \$ 1,885      | \$ (743)                  |

| Michigan Justice Training |                   |          |                           | Family Independence Agency |                   |           |                           |
|---------------------------|-------------------|----------|---------------------------|----------------------------|-------------------|-----------|---------------------------|
| Original<br>Budget        | Amended<br>Budget | Actual   | Over<br>(Under)<br>Budget | Original<br>Budget         | Amended<br>Budget | Actual    | Over<br>(Under)<br>Budget |
| \$ -                      | \$ -              | \$ -     | \$ -                      | \$ -                       | \$ -              | \$ -      | \$ -                      |
| -                         | -                 | -        | -                         | -                          | -                 | -         | -                         |
| -                         | -                 | -        | -                         | -                          | -                 | -         | -                         |
| -                         | -                 | 1,806    | 1,806                     | -                          | -                 | -         | -                         |
| -                         | -                 | -        | -                         | -                          | -                 | -         | -                         |
| -                         | -                 | -        | -                         | -                          | -                 | -         | -                         |
| -                         | -                 | -        | -                         | -                          | -                 | -         | -                         |
| -                         | -                 | -        | -                         | -                          | -                 | -         | -                         |
| -                         | -                 | -        | -                         | -                          | -                 | -         | -                         |
| -                         | -                 | 1,806    | 1,806                     | -                          | -                 | -         | -                         |
| -                         | -                 | 1        | 1                         | -                          | -                 | -         | -                         |
| -                         | -                 | -        | -                         | -                          | -                 | -         | -                         |
| -                         | -                 | -        | -                         | -                          | -                 | -         | -                         |
| -                         | -                 | -        | -                         | -                          | -                 | 3,202     | 3,202                     |
| -                         | -                 | -        | -                         | -                          | -                 | -         | -                         |
| -                         | -                 | -        | -                         | -                          | -                 | -         | -                         |
| -                         | -                 | -        | -                         | -                          | -                 | -         | -                         |
| -                         | -                 | 1        | 1                         | -                          | -                 | 3,202     | 3,202                     |
| -                         | -                 | 1,805    | 1,805                     | -                          | -                 | (3,202)   | (3,202)                   |
| -                         | -                 | -        | -                         | -                          | -                 | -         | -                         |
| -                         | -                 | -        | -                         | -                          | -                 | -         | -                         |
| -                         | -                 | -        | -                         | -                          | -                 | -         | -                         |
| -                         | -                 | 1,805    | 1,805                     | -                          | -                 | (3,202)   | (3,202)                   |
| 4,847                     | 4,847             | 4,847    | -                         | 23,066                     | 23,066            | 23,066    | -                         |
| \$ 4,847                  | \$ 4,847          | \$ 6,652 | \$ 1,805                  | \$ 23,066                  | \$ 23,066         | \$ 19,864 | \$ (3,202)                |

**IOSCO COUNTY, MICHIGAN  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2004**

|   | Child Care Fund    |                   |                    |                           |
|---|--------------------|-------------------|--------------------|---------------------------|
|   | Original<br>Budget | Amended<br>Budget | Actual             | Over<br>(Under)<br>Budget |
| REVENUES                                    |                    |                   |                    |                           |
| Taxes                                       | \$ -               | \$ -              | \$ -               | \$ -                      |
| Licenses and permits                        | -                  | -                 | -                  | -                         |
| Intergovernmental:                          |                    |                   |                    |                           |
| Federal grants                              | -                  | -                 | -                  | -                         |
| State grants                                | 150,000            | 150,000           | 175,615            | 25,615                    |
| Contributions from local units              | -                  | -                 | -                  | -                         |
| Charges for services                        | -                  | -                 | -                  | -                         |
| Fines and forfeits                          | -                  | -                 | -                  | -                         |
| Interest                                    | -                  | -                 | -                  | -                         |
| Other                                       | 50,500             | 50,500            | 58,037             | 7,537                     |
| <b>TOTAL REVENUES</b>                       | <b>200,500</b>     | <b>200,500</b>    | <b>233,652</b>     | <b>33,152</b>             |
| EXPENDITURES                                |                    |                   |                    |                           |
| Judicial                                    | -                  | -                 | -                  | -                         |
| General government                          | -                  | -                 | -                  | -                         |
| Public safety                               | -                  | -                 | -                  | -                         |
| Health and welfare                          | 619,500            | 619,500           | 739,267            | 119,767                   |
| Culture and recreation                      | -                  | -                 | -                  | -                         |
| Capital outlay                              | 3,000              | 3,000             | 1,006              | (1,994)                   |
| Debt service principal                      | -                  | -                 | -                  | -                         |
| Debt service Interest expense               | -                  | -                 | -                  | -                         |
| <b>TOTAL EXPENDITURES</b>                   | <b>622,500</b>     | <b>622,500</b>    | <b>740,273</b>     | <b>117,773</b>            |
| <b>REVENUES OVER (UNDER) EXPENDITURES</b>   | <b>(422,000)</b>   | <b>(422,000)</b>  | <b>(506,621)</b>   | <b>(84,621)</b>           |
| OTHER FINANCING SOURCES (USES)              |                    |                   |                    |                           |
| Transfers in                                | 422,000            | 422,000           | 422,000            | -                         |
| Transfer (out)                              | -                  | -                 | -                  | -                         |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b> | <b>422,000</b>     | <b>422,000</b>    | <b>422,000</b>     | <b>-</b>                  |
| <b>NET CHANGE IN FUND BALANCES</b>          | <b>-</b>           | <b>-</b>          | <b>(84,621)</b>    | <b>(84,621)</b>           |
| <b>FUND BALANCES, BEGINNING OF YEAR</b>     | <b>16,150</b>      | <b>16,150</b>     | <b>16,150</b>      | <b>-</b>                  |
| <b>FUND BALANCES (DEFICIT), END OF YEAR</b> | <b>\$ 16,150</b>   | <b>\$ 16,150</b>  | <b>\$ (68,471)</b> | <b>\$ (84,621)</b>        |

[illegible]



**IOSCO COUNTY, MICHIGAN  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2004**

|   | County Airport Fund |                   |                 |                           |
|---|---------------------|-------------------|-----------------|---------------------------|
|   | Original<br>Budget  | Amended<br>Budget | Actual          | Over<br>(Under)<br>Budget |
| <b>REVENUES</b>                             |                     |                   |                 |                           |
| Taxes                                       | \$ -                | \$ -              | \$ -            | \$ -                      |
| Licenses and permits                        | -                   | -                 | -               | -                         |
| Intergovernmental:                          |                     |                   |                 |                           |
| Federal grants                              | -                   | -                 | -               | -                         |
| State grants                                | -                   | -                 | -               | -                         |
| Contributions from local units              | -                   | -                 | -               | -                         |
| Charges for services                        | 33,500              | 33,500            | 28,308          | (5,192)                   |
| Fines and forfeits                          | -                   | -                 | -               | -                         |
| Interest                                    | -                   | -                 | -               | -                         |
| Other                                       | 2,400               | 2,400             | 2,400           | -                         |
| <b>TOTAL REVENUES</b>                       | <b>35,900</b>       | <b>35,900</b>     | <b>30,708</b>   | <b>(5,192)</b>            |
| <b>EXPENDITURES</b>                         |                     |                   |                 |                           |
| Judicial                                    | -                   | -                 | -               | -                         |
| General government                          | 59,640              | 59,640            | 43,429          | (16,211)                  |
| Public safety                               | -                   | -                 | -               | -                         |
| Health and welfare                          | -                   | -                 | -               | -                         |
| Culture and recreation                      | -                   | -                 | -               | -                         |
| Capital outlay                              | 5,000               | 5,000             | 1,561           | (3,439)                   |
| Debt service principal                      | -                   | -                 | -               | -                         |
| Debt service Interest expense               | -                   | -                 | -               | -                         |
| <b>TOTAL EXPENDITURES</b>                   | <b>64,640</b>       | <b>64,640</b>     | <b>44,990</b>   | <b>(19,650)</b>           |
| <b>REVENUES OVER (UNDER) EXPENDITURES</b>   | <b>(28,740)</b>     | <b>(28,740)</b>   | <b>(14,282)</b> | <b>14,458</b>             |
| <b>OTHER FINANCING SOURCES (USES)</b>       |                     |                   |                 |                           |
| Transfers in                                | 28,740              | 28,740            | 15,000          | (13,740)                  |
| Transfer (out)                              | -                   | -                 | -               | -                         |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b> | <b>28,740</b>       | <b>28,740</b>     | <b>15,000</b>   | <b>(13,740)</b>           |
| <b>NET CHANGE IN FUND BALANCES</b>          | <b>-</b>            | <b>-</b>          | <b>718</b>      | <b>718</b>                |
| <b>FUND BALANCES, BEGINNING OF YEAR</b>     | <b>-</b>            | <b>-</b>          | <b>-</b>        | <b>-</b>                  |
| <b>FUND BALANCES, END OF YEAR</b>           | <b>\$ -</b>         | <b>\$ -</b>       | <b>\$ 718</b>   | <b>\$ 718</b>             |

| Plat Book Revolving Fund |                   |          |                           | EDC Administration |                   |          |                           |
|--------------------------|-------------------|----------|---------------------------|--------------------|-------------------|----------|---------------------------|
| Original<br>Budget       | Amended<br>Budget | Actual   | Over<br>(Under)<br>Budget | Original<br>Budget | Amended<br>Budget | Actual   | Over<br>(Under)<br>Budget |
| \$ -                     | \$ -              | \$ -     | \$ -                      | \$ -               | \$ -              | \$ -     | \$ -                      |
| -                        | -                 | -        | -                         | -                  | -                 | -        | -                         |
| -                        | -                 | -        | -                         | -                  | -                 | -        | -                         |
| -                        | -                 | -        | -                         | -                  | -                 | -        | -                         |
| -                        | -                 | -        | -                         | -                  | -                 | -        | -                         |
| -                        | -                 | -        | -                         | -                  | -                 | -        | -                         |
| 1,000                    | 1,000             | 1,670    | 670                       | -                  | -                 | -        | -                         |
| 1,000                    | 1,000             | 1,670    | 670                       | -                  | -                 | -        | -                         |
| -                        | -                 | -        | -                         | -                  | -                 | -        | -                         |
| -                        | -                 | 18,400   | 18,400                    | 26,500             | 26,500            | 20,000   | (6,500)                   |
| -                        | -                 | -        | -                         | -                  | -                 | -        | -                         |
| -                        | -                 | -        | -                         | -                  | -                 | -        | -                         |
| -                        | -                 | -        | -                         | -                  | -                 | -        | -                         |
| -                        | -                 | -        | -                         | -                  | -                 | -        | -                         |
| -                        | -                 | -        | -                         | -                  | -                 | -        | -                         |
| -                        | -                 | -        | -                         | -                  | -                 | -        | -                         |
| -                        | -                 | 18,400   | 18,400                    | 26,500             | 26,500            | 20,000   | (6,500)                   |
| 1,000                    | 1,000             | (16,730) | (17,730)                  | (26,500)           | (26,500)          | (20,000) | 6,500                     |
| -                        | -                 | -        | -                         | 26,500             | 26,500            | 20,000   | (6,500)                   |
| -                        | -                 | -        | -                         | -                  | -                 | -        | -                         |
| -                        | -                 | -        | -                         | 26,500             | 26,500            | 20,000   | (6,500)                   |
| 1,000                    | 1,000             | (16,730) | (17,730)                  | -                  | -                 | -        | -                         |
| 20,870                   | 20,870            | 20,870   | -                         | -                  | -                 | -        | -                         |
| \$ 21,870                | \$ 21,870         | \$ 4,140 | \$ (17,730)               | \$ -               | \$ -              | \$ -     | \$ -                      |

**IOSCO COUNTY, MICHIGAN  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2004**

|   | Building Improvement Fund |                     |                     |                           |
|---|---------------------------|---------------------|---------------------|---------------------------|
|   | Original<br>Budget        | Amended<br>Budget   | Actual              | Over<br>(Under)<br>Budget |
| REVENUES                                    |                           |                     |                     |                           |
| Taxes                                       | \$ -                      | \$ -                | \$ -                | \$ -                      |
| Licenses and permits                        | -                         | -                   | -                   | -                         |
| Intergovernmental:                          |                           |                     |                     |                           |
| Federal grants                              | -                         | -                   | -                   | -                         |
| State grants                                | -                         | -                   | 496,800             | 496,800                   |
| Contributions from local units              | -                         | -                   | -                   | -                         |
| Charges for services                        | -                         | -                   | -                   | -                         |
| Fines and forfeits                          | -                         | -                   | -                   | -                         |
| Interest                                    | -                         | -                   | 13,288              | 13,288                    |
| Other                                       | -                         | -                   | -                   | -                         |
| <b>TOTAL REVENUES</b>                       | <b>-</b>                  | <b>-</b>            | <b>510,088</b>      | <b>510,088</b>            |
| EXPENDITURES                                |                           |                     |                     |                           |
| Judicial                                    | -                         | -                   | -                   | -                         |
| General government                          | -                         | -                   | -                   | -                         |
| Public safety                               | -                         | -                   | -                   | -                         |
| Health and welfare                          | -                         | -                   | -                   | -                         |
| Culture and recreation                      | -                         | -                   | -                   | -                         |
| Capital outlay                              | -                         | -                   | 626,172             | 626,172                   |
| Debt service principal                      | -                         | -                   | -                   | -                         |
| Debt service Interest expense               | -                         | -                   | -                   | -                         |
| <b>TOTAL EXPENDITURES</b>                   | <b>-</b>                  | <b>-</b>            | <b>626,172</b>      | <b>626,172</b>            |
| <b>REVENUES OVER (UNDER) EXPENDITURES</b>   | <b>-</b>                  | <b>-</b>            | <b>(116,084)</b>    | <b>(116,084)</b>          |
| OTHER FINANCING SOURCES (USES)              |                           |                     |                     |                           |
| Transfers in                                | -                         | -                   | -                   | -                         |
| Transfer (out)                              | -                         | -                   | -                   | -                         |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b> | <b>-</b>                  | <b>-</b>            | <b>-</b>            | <b>-</b>                  |
| <b>NET CHANGE IN FUND BALANCES</b>          | <b>-</b>                  | <b>-</b>            | <b>(116,084)</b>    | <b>(116,084)</b>          |
| <b>FUND BALANCES, BEGINNING OF YEAR</b>     | <b>1,324,373</b>          | <b>1,324,373</b>    | <b>1,324,373</b>    | <b>-</b>                  |
| <b>FUND BALANCES, END OF YEAR</b>           | <b>\$ 1,324,373</b>       | <b>\$ 1,324,373</b> | <b>\$ 1,208,289</b> | <b>\$ (116,084)</b>       |

| Economic Revolving Loan Fund |                   |           |                           | Revenue Sharing Reserve |                   |              |                           |
|------------------------------|-------------------|-----------|---------------------------|-------------------------|-------------------|--------------|---------------------------|
| Original<br>Budget           | Amended<br>Budget | Actual    | Over<br>(Under)<br>Budget | Original<br>Budget      | Amended<br>Budget | Actual       | Over<br>(Under)<br>Budget |
| \$ -                         | \$ -              | \$ -      | \$ -                      | \$ -                    | \$ -              | \$ 1,232,369 | \$ 1,232,369              |
| -                            | -                 | -         | -                         | -                       | -                 | -            | -                         |
| -                            | -                 | -         | -                         | -                       | -                 | -            | -                         |
| -                            | -                 | -         | -                         | -                       | -                 | -            | -                         |
| -                            | -                 | -         | -                         | -                       | -                 | -            | -                         |
| -                            | -                 | -         | -                         | -                       | -                 | -            | -                         |
| 300                          | 300               | 99        | (201)                     | -                       | -                 | -            | -                         |
| 15,000                       | 15,000            | 14,753    | (247)                     | -                       | -                 | -            | -                         |
| 15,300                       | 15,300            | 14,852    | (448)                     | -                       | -                 | 1,232,369    | 1,232,369                 |
| -                            | -                 | -         | -                         | -                       | -                 | -            | -                         |
| 15,300                       | 15,300            | 36        | (15,264)                  | -                       | -                 | -            | -                         |
| -                            | -                 | -         | -                         | -                       | -                 | -            | -                         |
| -                            | -                 | -         | -                         | -                       | -                 | -            | -                         |
| -                            | -                 | -         | -                         | -                       | -                 | -            | -                         |
| -                            | -                 | -         | -                         | -                       | -                 | -            | -                         |
| -                            | -                 | -         | -                         | -                       | -                 | -            | -                         |
| 15,300                       | 15,300            | 36        | (15,264)                  | -                       | -                 | -            | -                         |
| -                            | -                 | 14,816    | 14,816                    | -                       | -                 | 1,232,369    | 1,232,369                 |
| -                            | -                 | -         | -                         | -                       | -                 | -            | -                         |
| -                            | -                 | -         | -                         | -                       | -                 | (284,439)    | (284,439)                 |
| -                            | -                 | -         | -                         | -                       | -                 | (284,439)    | (284,439)                 |
| -                            | -                 | 14,816    | 14,816                    | -                       | -                 | 947,930      | 947,930                   |
| 68,428                       | 68,428            | 68,428    | -                         | -                       | -                 | -            | -                         |
| \$ 68,428                    | \$ 68,428         | \$ 83,244 | \$ 14,816                 | \$ -                    | \$ -              | \$ 947,930   | \$ 947,930                |

**IOSCO COUNTY, MICHIGAN  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2004**

|   | Total               |                     |                     |                           |
|---|---------------------|---------------------|---------------------|---------------------------|
|   | Original<br>Budget  | Amended<br>Budget   | Actual              | Over<br>(Under)<br>Budget |
| <b>REVENUES</b>                             |                     |                     |                     |                           |
| Taxes                                       | \$ -                | \$ -                | \$ 1,232,369        | \$ 1,232,369              |
| Licenses and permits                        | 294,000             | 294,000             | 396,329             | 102,329                   |
| Intergovernmental:                          |                     |                     |                     |                           |
| Federal grants                              | 431,269             | 431,269             | 552,413             | 121,144                   |
| State grants                                | 621,997             | 621,997             | 1,020,794           | 398,797                   |
| Contributions from local units              | 76,258              | 76,258              | 84,561              | 8,303                     |
| Charges for services                        | 805,658             | 805,658             | 813,605             | 7,947                     |
| Fines and forfeits                          | 3,500               | 3,500               | 3,500               | -                         |
| Interest                                    | 9,720               | 9,720               | 21,439              | 11,719                    |
| Other                                       | 472,523             | 472,523             | 327,723             | (144,800)                 |
| <b>TOTAL REVENUES</b>                       | <b>2,714,925</b>    | <b>2,714,925</b>    | <b>4,452,733</b>    | <b>1,737,808</b>          |
| <b>EXPENDITURES</b>                         |                     |                     |                     |                           |
| Judicial                                    | 695,390             | 695,390             | 658,564             | (36,826)                  |
| General government                          | 101,440             | 104,705             | 102,751             | (1,954)                   |
| Public safety                               | 1,074,333           | 1,074,333           | 1,029,147           | (45,186)                  |
| Health and welfare                          | 1,310,361           | 1,310,361           | 1,179,547           | (130,814)                 |
| Culture and recreation                      | 20,300              | 20,300              | 26,141              | 5,841                     |
| Capital outlay                              | 128,900             | 128,900             | 660,230             | 531,330                   |
| Debt service principal                      | -                   | -                   | 22,669              | 22,669                    |
| Debt service Interest expense               | -                   | -                   | 8,539               | 8,539                     |
| <b>TOTAL EXPENDITURES</b>                   | <b>3,330,724</b>    | <b>3,333,989</b>    | <b>3,687,588</b>    | <b>353,599</b>            |
| <b>REVENUES OVER (UNDER) EXPENDITURES</b>   | <b>(615,799)</b>    | <b>(619,064)</b>    | <b>765,145</b>      | <b>1,384,209</b>          |
| <b>OTHER FINANCING SOURCES (USES)</b>       |                     |                     |                     |                           |
| Transfers in                                | 650,652             | 650,652             | 540,641             | (110,011)                 |
| Transfer (out)                              | (8,365)             | (8,365)             | (294,232)           | (285,867)                 |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b> | <b>642,287</b>      | <b>642,287</b>      | <b>246,409</b>      | <b>(395,878)</b>          |
| <b>NET CHANGE IN FUND BALANCES</b>          | <b>26,488</b>       | <b>23,223</b>       | <b>1,011,554</b>    | <b>988,331</b>            |
| <b>FUND BALANCES, BEGINNING OF YEAR</b>     | <b>2,631,435</b>    | <b>2,631,435</b>    | <b>2,631,435</b>    | <b>-</b>                  |
| <b>FUND BALANCES, END OF YEAR</b>           | <b>\$ 2,657,923</b> | <b>\$ 2,654,658</b> | <b>\$ 3,642,989</b> | <b>\$ 988,331</b>         |

**IOSCO COUNTY, MICHIGAN  
NONMAJOR DEBT SERVICE FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2004**

|   | MEDICAL<br>CARE<br>DEBT<br>SERVICE | ALABASTER<br>WATER<br>DEBT<br>SERVICE | AUSABLE<br>D.P.W. #2<br>DEBT<br>SERVICE | EAST TAWAS/<br>TAWAS CITY<br>D.P.W. #3<br>DEBT<br>SERVICE | AUSABLE<br>D.P.W. #2<br>SERIES II<br>DEBT<br>SERVICE | EAST TAWAS<br>D.P.W. #2<br>DEBT<br>SERVICE |
|---|------------------------------------|---------------------------------------|---|---|--|--|
| <u>ASSETS</u>                                       |                                    |                                       |   |   |  |  |
| Cash and cash equivalents                           | \$ 229,237                         | \$ 454                                | \$ -                                    | \$ -  | \$ -   | \$ -                                       |
| Taxes receivable                                    | 317,099                            | -                                     | -                                       | -   | -  | -  |
| Loans receivable                                    | -                                  | 450,000                               | 220,000                                 | 483,000   | 28,000   | 220,000                                    |
| Due from other funds                                | -                                  | -                                     | -                                       | -   | -  | -  |
| <b>TOTAL ASSETS</b>                                 | <b>\$ 546,336</b>                  | <b>\$ 450,454</b>                     | <b>\$ 220,000</b>                       | <b>\$ 483,000</b>   | <b>\$ 28,000</b>                                     | <b>\$ 220,000</b>                          |
| <u>LIABILITIES AND FUND EQUITY</u>                  |                                    |                                       |   |   |  |  |
| LIABILITIES   |                                    |                                       |   |   |  |  |
| Deferred revenue                                    | \$ 317,099                         | \$ 450,000                            | \$ 220,000                              | \$ 483,000  | \$ 28,000  | \$ 220,000                                 |
| Due to other funds                                  | -                                  | -                                     | -                                       | -   | -  | -  |
| <b>TOTAL LIABILITIES</b>                            | <b>317,099</b>                     | <b>450,000</b>                        | <b>220,000</b>                          | <b>483,000</b>  | <b>28,000</b>  | <b>220,000</b>                             |
| <u>FUND EQUITY</u>                                  |                                    |                                       |   |   |  |  |
| Fund Balances                                       |                                    |                                       |   |   |  |  |
| Reserved  | 229,237                            | 454                                   | -                                       | -   | -  | -  |
| <b><u>TOTAL LIABILITIES<br/>AND FUND EQUITY</u></b> | <b>\$ 546,336</b>                  | <b>\$ 450,454</b>                     | <b>\$ 220,000</b>                       | <b>\$ 483,000</b>   | <b>\$ 28,000</b>                                     | <b>\$ 220,000</b>                          |

| OSCODA<br>D.P.W. #2<br>DEBT<br>SERVICE | PLAINFIELD<br>D.P.W.<br>DEBT SERVICE | TAWAS<br>WATER SUPPLY<br>SYSTEM #6 DEBT<br>SERVICE | BALDWIN<br>WATER 2002 | BUILDING<br>AUTHORITY | TOTAL        |
|--|--------------------------------------|--|-----------------------|-----------------------|--------------|
| \$ -                                   | \$ -                                 | \$ -   | \$ -                  | \$ -                  | \$ 229,691   |
| -                                      | -                                    | -  | -                     | -                     | 317,099      |
| 475,000                                | 375,000                              | 300,000  | 335,000               | -                     | 2,886,000    |
| -                                      | -                                    | -  | -                     | 263                   | 263          |
| \$ 475,000                             | \$ 375,000                           | \$ 300,000   | \$ 335,000            | \$ 263                | \$ 3,433,053 |
| \$ 475,000                             | \$ 375,000                           | \$ 300,000   | \$ 335,000            | \$ -                  | \$ 3,203,099 |
| -                                      | -                                    | -  | -                     | 263                   | 263          |
| 475,000                                | 375,000                              | 300,000  | 335,000               | 263                   | 3,203,362    |
| -                                      | -                                    | -  | -                     | -                     | 229,691      |
| \$ 475,000                             | \$ 375,000                           | \$ 300,000   | \$ 335,000            | \$ 263                | \$ 3,433,053 |

**IOSCO COUNTY, MICHIGAN  
NONMAJOR DEBT SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

|                                    | MEDICAL<br>CARE<br>DEBT<br>SERVICE | ALABASTER<br>WATER<br>SERVICE | AUSABLE<br>D.P.W. #2<br>DEBT<br>SERVICE | EAST TAWAS/<br>TAWAS CITY<br>D.P.W. #3<br>DEBT<br>SERVICE | AUSABLE<br>D.P.W. #2<br>SERIES II<br>DEBT<br>SERVICE |
|------------------------------------|------------------------------------|-------------------------------|---|---|--|
| REVENUES                           |                                    |                               |   |   |  |
| Taxes                              | \$ 295,839                         | \$ -                          | \$ -                                    | \$ -  | \$ -   |
| Intergovernmental:                 |                                    |                               |   |   |  |
| State grants                       | 2,649                              | -                             | -                                       | -   | -  |
| Contributions from local units     | -                                  | 51,063                        | 31,500                                  | 56,950  | 3,400  |
| Other revenue                      | 2,658                              | 153                           | -                                       | -   | -  |
| <b>TOTAL REVENUES</b>              | <b>301,146</b>                     | <b>51,216</b>                 | <b>31,500</b>                           | <b>56,950</b>   | <b>3,400</b>   |
| EXPENDITURES                       |                                    |                               |   |   |  |
| Fees and per diems                 | -                                  | -                             | -                                       | -   | -  |
| Bond principal                     | 50,000                             | 25,000                        | 20,000                                  | 32,000  | 2,000  |
| Bond interest                      | 161,175                            | 25,788                        | 11,500                                  | 24,950  | 1,400  |
| Paying agent fees                  | 275                                | 275                           | -                                       | -   | -  |
| <b>TOTAL EXPENDITURES</b>          | <b>211,450</b>                     | <b>51,063</b>                 | <b>31,500</b>                           | <b>56,950</b>   | <b>3,400</b>   |
| REVENUES OVER EXPENDITURES         | 89,696                             | 153                           | -                                       | -   | -  |
| OTHER FINANCING (USES)             |                                    |                               |   |   |  |
| Transfers in                       | -                                  | -                             | -                                       | -   | -  |
| <b>NET CHANGE IN FUND BALANCES</b> | <b>89,696</b>                      | <b>153</b>                    | <b>-</b>                                | <b>-</b>  | <b>-</b>   |
| FUND BALANCES, BEGINNING OF YEAR   | 139,541                            | 301                           | -                                       | -   | -  |
| <b>FUND BALANCES, END OF YEAR</b>  | <b>\$ 229,237</b>                  | <b>\$ 454</b>                 | <b>\$ -</b>                             | <b>\$ -</b>   | <b>\$ -</b>  |



| EAST TAWAS<br>D.P.W. #2<br>DEBT<br>SERVICE | OSCODA<br>D.P.W. #2<br>DEBT<br>SERVICE | PLAINFIELD<br>D.P.W.<br>DEBT SERVICE | TAWAS<br>WATER SUPPLY<br>SYSTEM #6 DEBT<br>SERVICE | BALDWIN<br>WATER 2002 | BUILDING<br>AUTHORITY | TOTAL     |
|--|--|--------------------------------------|--|-----------------------|-----------------------|-----------|
| \$ -                                       | \$ -                                   | \$ -                                 | \$ -   | \$ -                  | \$ -                  | 295,839   |
| -  | -                                      | -                                    | -  | -                     | -                     | 2,649     |
| 93,090                                     | 755,569                                | 52,950                               | 43,975   | 25,013                | -                     | 1,113,510 |
| -  | -                                      | -                                    | -  | -                     | -                     | 2,811     |
| 93,090                                     | 755,569                                | 52,950                               | 43,975   | 25,013                | -                     | 1,414,809 |
| -  | -                                      | -                                    | -  | -                     | 47                    | 47        |
| 80,000                                     | 710,000                                | 45,000                               | 25,000   | 10,000                | -                     | 999,000   |
| 12,740                                     | 38,969                                 | 7,950                                | 18,450   | 14,788                | -                     | 317,710   |
| 350  | 6,600                                  | -                                    | 525  | 225                   | -                     | 8,250     |
| 93,090                                     | 755,569                                | 52,950                               | 43,975   | 25,013                | 47                    | 1,325,007 |
| -  | -                                      | -                                    | -  | -                     | (47)                  | 89,802    |
| -  | -                                      | -                                    | -  | -                     | 47                    | 47        |
| -  | -                                      | -                                    | -  | -                     | -                     | 89,849    |
| -  | -                                      | -                                    | -  | -                     | -                     | 139,842   |
| \$ -                                       | \$ -                                   | \$ -                                 | \$ -   | \$ -                  | \$ -                  | 229,691   |

**IOSCO COUNTY, MICHIGAN  
NONMAJOR CAPITAL PROJECT FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2004**

|  | ALABASTER<br>WATER | BALDWIN<br>WATER 2002 | ECONOMIC<br>DEVELOPMENT<br>GRANT | TOTAL     |
|--|--------------------|-----------------------|----------------------------------|-----------|
| <u>ASSETS</u>                                |                    |                       |                                  |           |
| Cash and cash equivalents                    | \$ 16,803          | \$ 9,683              | \$ 9,528                         | \$ 36,014 |
|  |                    |                       |                                  |           |
| <u>LIABILITIES AND FUND EQUITY</u>           |                    |                       |                                  |           |
| LIABILITIES                                  |                    |                       |                                  |           |
| Deferred revenue                             | \$ -               | \$ -                  | \$ 9,528                         | \$ 9,528  |
| FUND EQUITY                                  |                    |                       |                                  |           |
| Fund Balance                                 |                    |                       |                                  |           |
| Reserved                                     | 16,803             | 9,683                 | -                                | 26,486    |
| <u>TOTAL LIABILITIES<br/>AND FUND EQUITY</u> | \$ 16,803          | \$ 9,683              | \$ 9,528                         | \$ 36,014 |

**IOSCO COUNTY, MICHIGAN  
NONMAJOR CAPITAL PROJECT FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

|                                  | ALABASTER<br>WATER | BALDWIN<br>WATER 2002 | ECONOMIC<br>DEVELOPMENT<br>GRANT | TOTAL     |
|----------------------------------|--------------------|-----------------------|----------------------------------|-----------|
| REVENUES                         |                    |                       |                                  |           |
| Interest                         | \$ -               | \$ 87                 | \$ -                             | \$ 87     |
| EXPENDITURES                     |                    |                       |                                  |           |
| Public works                     | -                  | 2,724                 | -                                | 2,724     |
| NET CHANGE IN FUND BALANCES      | -                  | (2,637)               | -                                | (2,637)   |
| FUND BALANCES, BEGINNING OF YEAR | 16,803             | 12,320                | -                                | 29,123    |
| FUND BALANCES, END OF YEAR       | \$ 16,803          | \$ 9,683              | \$ -                             | \$ 26,486 |

**IOSCO COUNTY, MICHIGAN  
FIDUCIARY FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2004**

|                                  | AGENCY FUNDS        |                   |                   |                     |                     |
|----------------------------------|---------------------|-------------------|-------------------|---------------------|---------------------|
|                                  | TRUST AND<br>AGENCY | MENTAL<br>HEALTH  | PENAL<br>FINES    | REGIONAL<br>LIBRARY | TOTAL               |
| <u>ASSETS</u>                    |                     |                   |                   |                     |                     |
| Cash and cash equivalents        | \$ 1,468,286        | \$ 678,080        | \$ 108,444        | \$ 391,869          | \$ 2,646,679        |
| Investments                      | 25,000              | -                 | -                 | -                   | 25,000              |
| Taxes receivable                 | -                   | -                 | -                 | 463,460             | 463,460             |
| Accounts receivable              | -                   | -                 | -                 | 106,474             | 106,474             |
| <u>TOTAL ASSETS</u>              | <u>\$ 1,493,286</u> | <u>\$ 678,080</u> | <u>\$ 108,444</u> | <u>\$ 961,803</u>   | <u>\$ 3,241,613</u> |
| <u>LIABILITIES</u>               |                     |                   |                   |                     |                     |
| Accounts payable                 | \$ 5,074            | \$ -              | \$ -              | \$ -                | \$ 5,074            |
| Accrued liabilities and advances | 5,596               | -                 | -                 | -                   | 5,596               |
| Unallocated property taxes       | 939,295             | -                 | -                 | -                   | 939,295             |
| Undistributed receipts           | 358,135             | -                 | -                 | -                   | 358,135             |
| Undistributed penal fines        | -                   | -                 | 108,444           | -                   | 108,444             |
| Deferred revenue                 | -                   | -                 | -                 | 463,460             | 463,460             |
| Due to other governmental units  | 185,186             | 678,080           | -                 | 498,343             | 1,361,609           |
| <u>TOTAL LIABILITIES</u>         | <u>\$ 1,493,286</u> | <u>\$ 678,080</u> | <u>\$ 108,444</u> | <u>\$ 961,803</u>   | <u>\$ 3,241,613</u> |

**IOSCO COUNTY, MICHIGAN  
DRAIN COMMISSION COMPONENT UNIT  
STATEMENT OF NET ASSETS AND BALANCE SHEET - GOVERNMENTAL FUNDS  
DECEMBER 31, 2004**

|  | GOVERNMENTAL FUND TYPES |                  |                            |
|--|-------------------------|------------------|----------------------------|
|  | DEBT SERVICE            | CAPITAL PROJECTS | CAPITAL PROJECTS REVOLVING |
| <b>ASSETS</b>                            |                         |                  |                            |
| Cash and cash equivalents                | \$ 38,877               | \$ 91,965        | \$ 30,563                  |
| Special assessments receivable           | 53,936                  | -                | -                          |
| Due from other funds                     | -                       | -                | 36,437                     |
| Construction in progress                 | -                       | -                | -                          |
| <b>TOTAL ASSETS</b>                      | <u>\$ 92,813</u>        | <u>\$ 91,965</u> | <u>\$ 67,000</u>           |
| <b>LIABILITIES AND FUND EQUITY</b>       |                         |                  |                            |
| <b>LIABILITIES</b>                       |                         |                  |                            |
| Accounts payable                         | \$ -                    | \$ 6,413         | \$ -                       |
| Due to other funds                       | 24,833                  | 11,604           | -                          |
| Advance from primary government          | -                       | -                | 67,000                     |
| Deferred revenue                         | 53,936                  | -                | -                          |
| Bonds and notes payable                  | -                       | -                | -                          |
| <b>TOTAL LIABILITIES</b>                 | <u>78,769</u>           | <u>18,017</u>    | <u>67,000</u>              |
| <b>FUND EQUITY</b>                       |                         |                  |                            |
| Fund Balances                            |                         |                  |                            |
| Reserved for debt service                | 14,044                  | -                | -                          |
| Reserved for construction                | -                       | 73,948           | -                          |
| <b>TOTAL FUND EQUITY</b>                 | <u>14,044</u>           | <u>73,948</u>    | <u>-</u>                   |
| <b>TOTAL LIABILITIES AND FUND EQUITY</b> | <u>\$ 92,813</u>        | <u>\$ 91,965</u> | <u>\$ 67,000</u>           |

| TOTAL<br>GOVERNMENTAL<br>FUNDS | ADJUSTMENTS    | STATEMENT OF<br>NET ASSETS |
|--------------------------------|----------------|----------------------------|
| \$ 161,405                     | \$ -           | \$ 161,405                 |
| 53,936                         | -              | 53,936                     |
| 36,437                         | (36,437)       | -                          |
| -                              | 200,864        | 200,864                    |
| <u>\$ 251,778</u>              | <u>164,427</u> | <u>416,205</u>             |

|                |                |                |
|----------------|----------------|----------------|
| \$ 6,413       | \$ -           | \$ 6,413       |
| 36,437         | (36,437)       | -              |
| 67,000         | -              | 67,000         |
| 53,936         | (53,936)       | -              |
| -              | 343,395        | 343,395        |
| <u>163,786</u> | <u>253,022</u> | <u>416,808</u> |

|                   |          |   |
|-------------------|----------|---|
| 14,044            | (14,044) | - |
| 73,948            | (73,948) | - |
| 87,992            | (87,992) | - |
| <u>\$ 251,778</u> |          |   |

**Net assets:**

|  |                 |                 |
|--|-----------------|-----------------|
| Invested in capital assets,<br>net of related debt | (142,531)       | (142,531)       |
| Restricted for:                                    |                 |                 |
| Debt service                                       | 14,044          | 14,044          |
| Acquisition/construction of<br>capital assets      | 73,948          | 73,948          |
| Unrestricted                                       | 53,936          | 53,936          |
| Total net assets (deficit)                         | <u>\$ (603)</u> | <u>\$ (603)</u> |

**IOSCO COUNTY, MICHIGAN**  
**DRAIN COMMISSION COMPONENT UNIT**  
**STATEMENT OF ACTIVITIES AND GOVERNMENTAL REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

|  | DEBT SERVICE     | CAPITAL<br>PROJECTS | CAPITAL<br>PROJECTS<br>REVOLVING |
|--|------------------|---------------------|----------------------------------|
| <b>REVENUES</b>  |                  |                     |                                  |
| Special assessments                                    | \$ 106,879       | \$ 39,617           | \$ -                             |
| Contributions  | 4,072            | -                   | -                                |
| Other  | 87               | 281                 | -                                |
| <b>TOTAL REVENUES</b>                                  | <b>111,038</b>   | <b>39,898</b>       | <b>-</b>                         |
| <b>EXPENDITURES / EXPENSES</b>                         |                  |                     |                                  |
| Construction   | -                | 200,864             | -                                |
| Maintenance  | -                | 44,264              | -                                |
| Bond principal   | 123,631          | -                   | -                                |
| Bond interest and fees                                 | 6,395            | -                   | -                                |
| Other  | 263              | -                   | -                                |
| <b>TOTAL EXPENDITURES / EXPENSES</b>                   | <b>130,289</b>   | <b>245,128</b>      | <b>-</b>                         |
| <b>REVENUES OVER (UNDER) EXPENDITURES</b>              | <b>(19,251)</b>  | <b>(205,230)</b>    | <b>-</b>                         |
| <b>OTHER FINANCING SOURCES (USES)</b>                  |                  |                     |                                  |
| Note proceeds  | -                | 299,000             | -                                |
| Transfers in   | 21,051           | 53,759              | -                                |
| Transfers (out)  | (22,094)         | (52,716)            | -                                |
| <b>TOTAL OTHER FINANCING SOURCES</b>                   | <b>(1,043)</b>   | <b>300,043</b>      | <b>-</b>                         |
| <b>Net change in fund balances</b>                     | <b>(20,294)</b>  | <b>94,813</b>       | <b>-</b>                         |
| Change in net assets                                   | -                | -                   | -                                |
| Fund balance (deficit) / net assets, beginning of year | 34,338           | (20,865)            | -                                |
| Fund balance (deficit) / net assets, end of year       | <u>\$ 14,044</u> | <u>\$ 73,948</u>    | <u>\$ -</u>                      |

| TOTAL<br>GOVERNMENTAL<br>FUNDS | ADJUSTMENTS        | STATEMENT OF<br>ACTIVITIES |
|--------------------------------|--------------------|----------------------------|
| \$ 146,496                     | \$ (74,980)        | \$ 71,516                  |
| 4,072                          | -                  | 4,072                      |
| 368                            | -                  | 368                        |
| <u>150,936</u>                 | <u>(74,980)</u>    | <u>75,956</u>              |
| 200,864                        | (200,864)          | -                          |
| 44,264                         | -                  | 44,264                     |
| 123,631                        | (123,631)          | -                          |
| 6,395                          | -                  | 6,395                      |
| 263                            | -                  | 263                        |
| <u>375,417</u>                 | <u>(324,495)</u>   | <u>50,922</u>              |
| <u>(224,481)</u>               | <u>249,515</u>     | <u>25,034</u>              |
| 299,000                        | (299,000)          | -                          |
| 74,810                         | -                  | 74,810                     |
| (74,810)                       | -                  | (74,810)                   |
| <u>299,000</u>                 | <u>(299,000)</u>   | <u>-</u>                   |
| 74,519                         | (74,519)           | -                          |
| -                              | 25,034             | 25,034                     |
| <u>13,473</u>                  | <u>(39,110)</u>    | <u>(25,637)</u>            |
| <u>\$ 87,992</u>               | <u>\$ (88,595)</u> | <u>\$ (603)</u>            |





**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

February 11, 2005

Board of Commissioners  
County of Iosco  
Tawas City, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the ***County of Iosco, Michigan*** as of and for the year ended December 31, 2004, and have issued our report thereon dated February 11, 2005. We did not audit the financial statements of the Medical Care Facility, which is a major enterprise fund, and therefore a separate opinion unit. We also did not audit the Iosco County Road Commission Component Unit, which represents 97% and 99%, respectively, of the assets and revenues of the discretely presented Component Units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Medical Care Facility and Iosco County Road Commission is based on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the ***County of Iosco, Michigan's*** internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting that we have reported to management of *County of Iosco, Michigan* in a separate letter dated February 11, 2005.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the *County of Iosco, Michigan's* basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, others within the organization, and Board of Commissioners, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style.



**REHMANN ROBSON**

*Certified Public Accountants*

A member of **THE REHMANN GROUP**

An Independent Member of Baker Tilly International

February 11, 2005

To the Board of Commissioners  
Iosco County  
Tawas, Michigan

In planning and performing our audit of the financial statements of ***Iosco County*** for the year ended December 31, 2004, we considered the County's internal control to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control.

However, during our audit, we became aware of several matters that are opportunities for strengthening internal control and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated February 11, 2005, on the financial statements of ***Iosco County***.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various County personnel, and we will be pleased to discuss then in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

We wish to thank the management and personnel for their support and assistance during the audit of ***Iosco County***.

## **IOSCO COUNTY**

### **COMMENTS AND RECOMMENDATIONS**

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#### **A) CURRENT YEAR DEFICIT FUND BALANCES/NET ASSETS**

The County's Child Care Special Revenue Fund and the Drain Commission ended the year with deficits of \$68,471 and \$603 respectively. According to the State Revenue Sharing Act of 1971, the County is required to have a deficit elimination plan approved by the State Department of Treasury for any fund that ends the year in a fund deficit situation.

We recommend that the County investigate the cause of the deficits, develop a plan for reducing the deficit, and submit the plan to the State Department of Treasury for approval.

#### **B) ALABASTER WATER CAPITAL PROJECT FUND**

The Alabaster Water Capital Project Fund was established for the purpose of expending the bond proceeds on the water construction project. This project has been complete for a number of years and there is a balance that has accumulated in this fund, which is not being used.

We recommend that the County investigate the source of these surplus funds and expend these funds appropriately to deplete the fund balance and close the Alabaster Water Capital Project Fund.